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COMPANY CONFORMED NAME: GOODRICH B F CO

CENTRAL INDEX KEY: 0000042542

STANDARD INDUSTRIAL CLASSIFICATION: GUIDED MISSILES & SPACE

VEHICLES & PARTS [3760]

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STATE OF INCORPORATION: NY

FISCAL YEAR END: 1231

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BUSINESS ADDRESS:

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STREET 2: 2550 WEST TYVOLA ROAD

CITY: CHARLOTTE

STATE: NC

ZIP: 28217

BUSINESS PHONE: 7044237000

MAIL ADDRESS:

STREET 1: 3 COLISEUM CENTRE

STREET 2: 2550 WEST TYVOLA ROAD

CITY: 2550 WEST TYVOLA ROA

STATE: NC

ZIP: 28217

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<TYPE>10-K

<SEQUENCE>1

<DESCRIPTION>THE B.F.GOODRICH COMPANY

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1999.

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-892
THE B.F.GOODRICH COMPANY
(Exact name of registrant as specified in its charter)

New York	34-0252680
(State of incorporation)	(I.R.S. Employer Identification No.)
3 Coliseum Centre	
2550 West Tyvola Road	28217
Charlotte, North Carolina	(Zip Code)
(Address of principal executive offices)	

Registrant's telephone number, including area code: (704) 423-7000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS -----	NAME AND EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$5 par value	New York Stock Exchange
8.30% Cumulative Quarterly Income Preferred Securities, Series A*	New York Stock Exchange

* Issued by BFGoodrich Capital and the payments of trust distributions and payments on liquidation or redemption are guaranteed under certain circumstances by The B.F.Goodrich Company. The B.F.Goodrich Company is the owner of 100% of the common securities issued by BFGoodrich Capital, a Delaware statutory business trust.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. []

The aggregate market value of the voting stock, consisting solely of common stock, held by nonaffiliates of the registrant as of February 21, 2000 was \$2.5 billion (\$22.6875 per share). On such date, 110,237,864 of such shares were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's 1999 Annual Report to Shareholders are incorporated by reference into Part I (Item 1), Part II (Items 6, 7, 7a and 8) and Part IV (Item 14) hereof. Portions of the proxy statement dated March 3, 2000 are also incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

Merger

On July 12, 1999, The BFGoodrich Company ("the Company" or "BFGoodrich") completed its merger with Coltec Industries Inc. The merger has been accounted for as a pooling-of-interests. Accordingly, all prior period consolidated financial statements have been restated to include the results of operations, financial position and cash flows of Coltec as though Coltec had always been a part of BFGoodrich. As such, results for the three years ended December 31, 1999, 1998 and 1997 represent the combined results of BFGoodrich and Coltec (see Note A to the Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference).

As a result of the merger, Coltec became a wholly-owned subsidiary of the Company. In accordance with the terms of the merger, each share of Coltec

common stock was converted into the right to receive 0.56 shares of BFGoodrich common stock, totaling 35.5 million shares of BFGoodrich common stock.

In addition, the Company issued options to purchase 3.0 million shares of BFGoodrich common stock in exchange for options to purchase Coltec common stock outstanding immediately prior to the merger. These options vest and become exercisable in accordance with the terms and conditions of the original Coltec options. Also, as a result of the merger, each 5 1/4% Convertible Preferred Security issued by Coltec Capital Trust became convertible into 0.955248 of a share of BFGoodrich common stock, subject to certain adjustments.

General Development of Business

The Company's operations are classified into three reportable business segments: BFGoodrich Aerospace ("Aerospace"), BFGoodrich Engineered Industrial Products ("Engineered Industrial Products") and BFGoodrich Performance Materials ("Performance Materials"). The Company's three reportable business segments are managed separately based on fundamental differences in their operations.

Aerospace consists of four business groups: Aerostructures; Landing Systems; Sensors and Integrated Systems (as a result of the Coltec merger this business group will be renamed Electronics and Engine Systems in 2000); and Maintenance, Repair and Overhaul. They serve commercial, military, regional, business and general aviation markets. Aerospace's major products are aircraft engine nacelle and pylon systems; aircraft landing gear and wheels and brakes; sensors and sensor-based systems; fuel measurement and management systems; flight attendant and cockpit seats; aircraft evacuation slides and rafts; ice protection systems, and collision warning systems. Aerospace also provides maintenance, repair and overhaul services on commercial airframes and components.

Engineered Industrial Products is a single business group. This group manufactures industrial seals; gaskets; packing products; self-lubricating bearings; diesel, gas and dual-fuel engines; air compressors; spray nozzles and vacuum pumps.

Performance Materials consists of three business groups: Textile and Coatings Solutions, Polymer Additives and Specialty Plastics, and Consumer Specialties. They serve various markets such as personal-care, pharmaceuticals, printing, textiles, industrial, construction and automotive. Performance Materials' major products are thermoplastic polyurethane; high-heat-resistant plastics; synthetic thickeners and emulsifiers; polymer emulsions, resins and additives, and textile thickeners, binders, emulsions and compounds.

The Company's business is conducted on a global basis with manufacturing, service and sales undertaken in various locations throughout the world. Aerospace's products and services and Engineered Industrial Products' and Performance Materials' products are principally sold to customers in North America and Europe.

The principal executive offices of BFGoodrich are located at 3 Coliseum Centre, 2550 West Tyvola Road, Charlotte, North Carolina 28217 (telephone (704) 423-7000).

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The Company was incorporated under the laws of the State of New York on May 2, 1912 as the successor to a business founded in 1870.

Acquisitions

POOLING-OF-INTERESTS

COLTEC

As noted above, on July 12, 1999, the Company completed its merger with Coltec. The merger has been accounted for as a pooling-of-interests. Accordingly, all prior period consolidated financial statements have been restated to include the results of operations, financial position and cash flows of Coltec as though Coltec had always been a part of BFGoodrich. As such, results for the three years ended December 31, 1999, 1998 and 1997 represent the combined results of BFGoodrich and Coltec.

ROHR

On December 22, 1997, BFGoodrich completed a merger with Rohr, Inc. by exchanging 18.6 million shares of BFGoodrich common stock for all of the common stock of Rohr. Each share of Rohr common stock was exchanged for .7 of one share of BFGoodrich common stock. The merger was accounted for as a pooling of interests, and all prior period financial statements were restated to include the financial information of Rohr as though Rohr had always been a part of BFGoodrich. Prior to the merger, Rohr's fiscal year ended on July 31. For purposes of the combination, Rohr's financial results for its fiscal year ended July 31, 1997, were restated to the year ended December 31, 1997, to conform with BFGoodrich's calendar year end.

PURCHASES

The following acquisitions were recorded using the purchase method of accounting. Their results of operations have been included in the Company's results since their respective dates of acquisition.

During 1999, the Company acquired a manufacturer of spacecraft attitude determination and control systems and sensor and imaging instruments; the remaining 50 percent interest in a joint venture, located in Singapore, that overhauls and repairs thrust reversers, nacelles and nacelle components; an ejection seat business; a textile coatings business; and a manufacturer and developer of micro-electromechanical systems, which integrate electrical and mechanical components to form "smart" sensing and control devices. Total consideration aggregated \$76.1 million, of which \$69.4 million represented goodwill.

The purchase agreement for the manufacturer and developer of micro-electromechanical systems provides for additional consideration to be paid over the next six years based on a percentage of net sales. The additional consideration for the first five years, however, is guaranteed not to be less than \$3.5 million. As the \$3.5 million of additional consideration is not contingent on future events, it has been included in the purchase price and allocated to the net assets acquired. All additional contingent amounts payable under the purchase agreement will be recorded as additional purchase price when

earned and amortized over the remaining useful life of the goodwill.

During 1998, the Company acquired a global manufacturer of specialty and fine chemicals; a manufacturer of flexible graphite and polytetrafluoroethylene ("PTFE") products; a business that manufactures, machines and distributes PTFE products; and another business that reprocesses PTFE compounds. The Company also acquired a manufacturer of sealing products; a small manufacturer of textile chemicals used for fabric preparation and finishing; the remaining 20 percent not previously owned of a subsidiary that produces self-lubricating bearings; and a small manufacturer of energetic materials systems during 1998. Total consideration aggregated \$521.5 million, of which \$308.7 million represented goodwill.

During 1997, the Company acquired seven businesses for cash consideration of \$194.1 million in the aggregate, which included \$84.4 million of goodwill. One of the acquired businesses is a manufacturer of data acquisition systems for satellites and other aerospace applications. A second business manufactures diverse aerospace products for commercial and military applications. A third business is a manufacturer of dyes, chemical additives and durable press resins for the textiles industry. A fourth business manufactures thermoplastic polyurethane and is located in the United Kingdom. A fifth business manufactures flight attendant and cockpit seats and the sixth business is a sheet rubber and conveyer belt business. The remaining acquisition is a small specialty chemicals business.

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The purchase agreement for the flight attendant and cockpit seat business includes contingent payments based on earnings levels for the years ended December 31, 1997-2000. These contingent payments will be recorded as additional purchase price consideration when made and will be amortized over the remaining life of the goodwill.

The impact of these acquisitions was not material in relation to the Company's results of operations. Consequently, pro forma information is not presented.

Dispositions

In May 1998, the Company sold the capital stock of its Holley Performance Products subsidiary for \$100 million in cash. The pre-tax gain of \$58.3 million, net of liabilities retained, has been recorded with other income (expense), net. The proceeds from this divestiture were applied toward reducing debt in 1997. Holley had gross revenues and operating income of approximately \$99.0 million and \$8.0 million, respectively.

During 1997, the Company completed the sale of its Engine Electrical Systems Division, which was part of the Sensors and Integrated Systems Group in the Aerospace segment. The Company received cash proceeds of \$72.5 million which resulted in a pre-tax gain of \$26.4 million reported within other income (expense), net.

Financial Information About Industry Segments

For financial information concerning the sales, operating income, total assets, capital expenditures, depreciation and amortization and geographic information by segment, see Note L to the Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference.

Narrative Description of Businesses

AEROSPACE

The Company's Aerospace Segment is conducted through four major business groups.

Aerostructures Group (formerly Rohr) primarily designs, develops and integrates aircraft engine nacelle and pylon systems for commercial and general aviation customers.

Landing Systems Group manufactures aircraft landing gear; aircraft wheels and brakes; high-temperature composites; flight attendant and cockpit seats; and aircraft evacuation slides and rafts for commercial, military, regional and business aviation customers and for space programs.

Sensors and Integrated Systems Group manufactures sensors and sensor-based systems; fuel measurement and management systems; electromechanical actuators; aircraft windshield wiper systems; health and usage management systems; electronic test equipment; ice protection systems; gas turbine engine components; specialty heated products; collision warning systems; weather detection systems; standby attitude indicators; aircraft lighting components; and polymer and composite products for commercial, military, regional, business and general aviation customers, and for aircraft engine and space programs.

Maintenance, Repair and Overhaul Group ("MRO") provides maintenance, repair and overhaul of commercial airframes, components, wheels and brakes, landing gear, instruments and avionics for commercial, regional, business and general aviation customers.

The Company is among the largest suppliers of aircraft systems and components and aircraft maintenance repair and overhaul services in the world. It competes with other aerospace industry manufacturers to supply parts and provide service on specific fleets of aircraft, frequently on a program-by-program bid basis. Competition is primarily based on product performance, service capability and price. Contracts to supply systems and components and provide service are generally with aircraft manufacturers, airlines and airfreight businesses worldwide. The Company also competes on U.S. Government contracts, generally as a subcontractor. Competition is principally based on product performance and price.

ENGINEERED INDUSTRIAL PRODUCTS

The Company's Engineered Industrial Products Segment is conducted as one business group. The segment is a leading manufacturer of industrial seals, gaskets, self-lubricating bearings, air compressors and technologically advanced spray nozzles for agricultural home heating and industrial applications. The

segment also produces diesel, gas and dual fuel engines used in naval ships, locomotives and electric power plants.

PERFORMANCE MATERIALS

The Company's Performance Materials Segment is conducted through three major business groups.

Textile and Industrial Coatings Group manufactures acrylic textile coatings and industrial formulations of Carbopol(R) polymers for textile printing; durable press resins, dyes and softeners; and paper saturants and coatings in wood, metal and other surface finishing products and in graphic arts applications.

Consumer Specialties Group manufactures thickening, suspension and emulsion polymers for personal care products, household and pharmaceutical applications.

Polymer Additives & Specialty Plastics Group manufactures thermoplastic polyurethane and alloys; high-heat-resistant and low-combustibility plastics; static-dissipating polymers; antioxidants for rubber, plastic and lubricants applications; and reaction-injection molding resins. Products are marketed and sold to manufacturers for film and sheet applications; wire and cable jacketing; and magnetic media. Specialty plastics are also used in the manufacture of automotive products; recreational vehicles and products; agricultural equipment; industrial equipment; tire and rubber goods; plumbing and industrial pipe; fire sprinkler systems and building material components.

The Company competes with other major chemical manufacturers. Products are sold primarily based on product performance. Frequently, products are manufactured or formulated to order for specific customer applications and often involve considerable technical assistance from the Company.

Backlog

At December 31, 1999, the Company had a backlog of approximately \$3.9 billion, principally related to the Aerospace Segment, of which approximately 47 percent is expected to be filled during 2000. The amount of backlog at December 31, 1998 was approximately \$3.7 billion. Backlogs in the Aerospace Segment are subject to delivery delays or program cancellations, which are beyond the Company's control.

Raw Materials

Raw materials used in the manufacture of Aerospace and Engineered Industrial products, including steel and carbon, are available from a number of manufacturers and are generally in adequate supply.

Availability of all major monomers and chemicals used in the Performance Materials Segment is anticipated to be adequate for 2000. While chemical feedstocks are currently in adequate supply, in past years, from time-to-time for limited periods, various chemical feedstocks were in short supply. The effect of any future shortages on the Company's operations will depend upon the duration of any such shortages and possibly on future U.S. government policy, which cannot be determined at this time.

Environmental

Federal, state and local statutes and regulations relating to the protection of the environment and the health and safety of employees and other individuals have resulted in higher operating costs and capital investments by the industries in which the Company operates. Because of a focus toward greater environmental awareness and increasingly stringent environmental regulations, the Company believes that expenditures for compliance with environmental, health and safety regulations will continue to have a significant impact on the conduct of its business. Although it cannot predict accurately how these

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developments will affect future operations and earnings, the Company does not believe these costs will vary significantly from those of its competitors.

For additional information concerning environmental matters, see Note V to Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference.

Research and Development

The Company conducts research and development under Company-funded programs for commercial products and under contracts with others. Total research and development expense amounted to \$238.0 million, \$240.6 million and \$187.7 million in 1999, 1998 and 1997, respectively. Of these amounts, \$43.7 million, \$63.1 million and \$39.4 million, respectively related to amounts funded by customers. For additional information concerning research and development expense, see Note B to the Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference.

Patents and Licenses

The Company has many patents of its own and has acquired licenses under patents of others. While such patents in the aggregate are important to the Company, neither the primary business of the Company nor any of its industry segments is dependent on any single patent or group of related patents. The Company uses a number of trademarks important either to its business as a whole or to its industry segments considered separately. The Company believes that these trademarks are adequately protected.

Human Resources

As of December 31, 1999, the Company had 23,522 employees in the United States. An additional 3,522 people were employed by the Company in other countries. Approximately 13,400 employees were hourly paid. The Company believes it has good relationships with its employees.

The hourly employees who are unionized are covered by collective bargaining agreements with a number of labor unions and with varying contract termination dates ranging from February 2000 to September 2004. There were no material work stoppages during 1999.

Foreign Operations

The Company is engaged in business in foreign markets. Manufacturing and service facilities are located in Australia, Belgium, Canada, England, France, Germany, Hong Kong, India, Japan, Korea, Mexico, The Netherlands, Poland, Scotland, Singapore and Spain. The Company also markets its products and services through sales subsidiaries and distributors in a number of foreign countries. The Company also has technical fee, patent royalty agreements and joint venture agreements with various foreign companies.

Outside North America, no single foreign geographic area is currently significant, although the Company continues to expand its business in Europe. Currency fluctuations, tariffs and similar import limitations, price controls and labor regulations can affect the Company's foreign operations, including foreign affiliates. Other potential limitations on the Company's foreign operations include expropriation, nationalization, restrictions on foreign investments or their transfers, and additional political and economic risks. In addition, the transfer of funds from foreign operations could be impaired by the unavailability of dollar exchange or other restrictive regulations that foreign governments could enact. The Company does not believe that such restrictions or regulations would have a materially adverse effect on its business, in the aggregate.

For additional financial information about U.S. and foreign sales, see Note L to Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference.

ITEM 2. PROPERTIES

The Company operates manufacturing plants and service facilities in 29 states in the U.S. and in Australia, Belgium, Canada, England, France, Germany, Hong Kong, India, Japan, Korea, Mexico, The Netherlands, Poland, Scotland, Singapore,

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and Spain. In addition, the Company has other facilities throughout the United States and in various foreign countries, which include sales offices, administrative offices and warehouses.

Certain information with respect to the Company's significant facilities that are owned is set forth below:

Segment -----	Location -----	Approximate Number of Square Feet -----
Aerospace	Chula Vista, California	2,721,000
	Everett, Washington (b)	1,200,000
	Riverside, California	1,171,000
	West Hartford, Connecticut (a)	549,800
Industrial	Palmyra, New York	682,000

	Beloit, Wisconsin	856,000
	Longview, Texas	205,000
	Quincy, IL	323,000
Performance Materials	Avon Lake, Ohio	250,000
	Cincinnati, Ohio (b)	493,700
	Louisville, Kentucky	236,000
	Akron, Ohio	236,000

- (a) Approximately 250,000 square feet are utilized by the Aerospace Segment with the balance leased to third parties.
- (b) Although the building is owned, the land at this facility is leased.

In addition to the owned facilities, certain manufacturing activities are conducted within leased premises, the largest of which is in the Industrial Segment, located in Germany, and covers approximately 137,000 square feet. Some of these leases provide for options to purchase or to renew such leases.

The Company also leases approximately 35,000 square feet at its headquarters in Charlotte, North Carolina, for its executive offices. In the spring of 2000, the Company will be moving the executive offices to a new office building in Charlotte that is currently under construction. The Company will lease approximately 108,500 square feet for an initial term of ten years, with annual options to 2020. The new offices will provide space for the Corporate headquarters and also for the executive offices of the Aerospace and Engineered Industrial Products Segments.

In the opinion of management, the Company's principal properties, whether owned or leased, are suitable and adequate for the purposes for which they are used and are suitably maintained for such purposes. See Item I, "Business-Environmental Matters" for a description of proceedings under applicable environmental laws regarding certain of the Company's properties.

In addition, the Company and its subsidiaries are lessees under a number of cancelable and non-cancelable leases for certain real properties, used primarily for administrative, retail, maintenance, repair and overhaul of aircraft, aircraft wheels and brakes and evacuation systems and warehouse operations, and for certain equipment (see Note I to the Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference).

ITEM 3. LEGAL PROCEEDINGS

GENERAL

There are pending or threatened against BFGoodrich or its subsidiaries various claims, lawsuits and administrative proceedings, all arising from the ordinary course of business with respect to commercial, product liability, asbestos and environmental matters, which seek remedies or damages. BFGoodrich believes that any liability that may finally be determined with respect to commercial and product liability claims should not have a material effect on the Company's consolidated

financial position or results of operations. From time to time, the Company is also involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

ENVIRONMENTAL

The Company and its subsidiaries are generators of both hazardous wastes and non-hazardous wastes, the treatment, storage, transportation and disposal of which are subject to various laws and governmental regulations. Although past operations were in substantial compliance with the then-applicable regulations, the Company has been designated as a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency ("EPA"), or similar state agencies, in connection with several sites.

The Company initiates corrective and/or preventive environmental projects of its own to ensure safe and lawful activities at its current operations. It also conducts a compliance and management systems audit program. The Company believes that compliance with current governmental regulations will not have a material adverse effect on its capital expenditures, earnings or competitive position.

The Company's environmental engineers and consultants review and monitor environmental issues at past and existing operating sites, as well as off-site disposal sites at which the Company has been identified as a PRP. This process includes investigation and remedial selection and implementation, as well as negotiations with other PRPs and governmental agencies.

At December 31, 1999 and 1998, the Company had recorded in Accrued Expenses and in Other Non-current Liabilities a total of \$125.5 million and \$129.7 million, respectively, to cover future environmental expenditures. These amounts are recorded on an undiscounted basis.

The Company believes that its reserves are adequate based on currently available information. Management believes that it is reasonably possible that additional costs may be incurred beyond the amounts accrued as a result of new information. However, the amounts, if any, cannot be estimated and management believes that they would not be material to the Company's financial condition but could be material to the Company's results of operations in a given period.

ASBESTOS

As of December 31, 1999 and 1998, two subsidiaries of the Company were among a number of defendants (typically 15 to 40) in approximately 96,000 and 101,400 actions (including approximately 8,300 and 4,700 actions, respectively in advanced stages of processing) filed in various states by plaintiffs alleging injury or death as a result of exposure to asbestos fibers. During 1999, 1998 and 1997, these two subsidiaries of the Company received approximately 30,200, 34,400 and 38,200 new actions, respectively. Through December 31, 1999, approximately 280,400 of the approximately 376,400 total actions brought had been settled or otherwise disposed.

Payments were made by the Company with respect to asbestos liability and related costs aggregating \$84.5 million in 1999, \$53.7 million in 1998, and \$59.2 million in 1997, respectively, substantially all of which were covered by

insurance. Settlements are generally made on a group basis with payments made to individual claimants over periods of one to four years. Related to payments not covered by insurance, the Company recorded charges to operations amounting to approximately \$8.0 million in each of 1999, 1998 and 1997.

In accordance with the Company's internal procedures for the processing of asbestos product liability actions and due to the proximity to trial or settlement, certain outstanding actions have progressed to a stage where the Company can reasonably estimate the cost to dispose of these actions. As of December 31, 1999, the Company estimates that the aggregate remaining cost of the disposition of the settled actions for which payments remain to be made and actions in advanced stages of processing, including associated legal costs, is approximately \$163.1 million and the Company expects that this cost will be substantially covered by insurance.

With respect to the 87,700 outstanding actions as of December 31, 1999, which are in preliminary procedural stages, as well as any actions that may be filed in the future, the Company lacks sufficient information upon which judgments can be made as to the validity or ultimate disposition of such actions, thereby making it difficult to estimate with reasonable certainty what, if any, potential liability or costs may be incurred by the Company. However, the Company believes that its subsidiaries are in a favorable position compared to many other defendants because, among other things, the asbestos fibers in its asbestos-containing

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products were encapsulated. Subsidiaries of the Company continue to distribute encapsulated asbestos-bearing product in the United States with annual sales of less than \$1.5 million. All sales are accompanied by appropriate warnings. The end users of such product are sophisticated users who utilize the product for critical applications where no known substitutes exist or have been approved.

Insurance coverage of a small non-operating subsidiary formerly distributing asbestos-bearing products is nearly depleted. Considering the foregoing, as well as the experience of the Company's subsidiaries and other defendants in asbestos litigation, the likely sharing of judgments among multiple responsible defendants, and given the substantial amount of insurance coverage that the Company expects to be available from its solvent carriers to cover the majority of its exposure, the Company believes that pending and reasonably anticipated future actions are not likely to have a materially adverse effect on the Company's consolidated results of operations or financial condition, but could be material to the Company's results of operations in a given period. Although the insurance coverage which the Company has is substantial, it should be noted that insurance coverage for asbestos claims is not available to cover exposures initially occurring on and after July 1, 1984. The Company's subsidiaries continue to be named as defendants in new cases, some of which allege initial exposure after July 1, 1984.

The Company has recorded an accrual for its liabilities for asbestos-related matters that are deemed probable and can be reasonably estimated (settled actions and actions in advanced stages of processing), and has separately recorded an asset equal to the amount of such liabilities that is expected to be recovered by insurance. In addition, the Company has recorded a

receivable for that portion of payments previously made for asbestos product liability actions and related litigation costs that is recoverable from its insurance carriers. Liabilities for asbestos-related matters and the receivable from insurance carriers included in the Consolidated Balance Sheets are as follows:

<TABLE>
<CAPTION>

	DECEMBER 31, 1999	DECEMBER 31, 1998
	-----	-----
	(DOLLARS IN MILLIONS)	
<S>	<C>	<C>
Accounts and notes receivable	\$ 146.9	\$ 95.4
Other assets	36.7	32.6
Accrued expenses	134.6	89.7
Other liabilities	28.5	22.8

</TABLE>

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The number of common shareholders of record at December 31, 1999, was 11,089. The discussions of the limitations and restrictions on the payment of dividends on common stock are included in Notes H and R to the Consolidated Financial Statements within the 1999 Financial Review Section of the Annual Report to Shareholders, which is incorporated herein by reference.

Common Stock Prices and Dividends The Company's common stock (symbol GR) is listed on the New York Stock Exchange. The table below lists dividends per share and quarterly price ranges for the Company's common stock based on New York Stock Exchange closing prices.

<TABLE>
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	1999				1998	
	----				----	
QUARTER	HIGH	LOW	DIVIDEND	QUARTER	HIGH	LOW
DIVIDEND						
- - - - -	----	---	-----	-----	----	---

<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
First	36 1/8	31 1/2	\$.275	First	53 13/16	39
\$.275						

Second	45	32 7/8	.275	Second	54 13/16	45 1/16
.275						
Third	44 5/8	26 15/16	.275	Third	49 11/16	27 1/16
.275						
Fourth	27 15/16	21	.275	Fourth	39 15/16	29
.275						

</TABLE>

ITEM 6. SELECTED FINANCIAL DATA

The tabular information appearing under "Selected Financial Data" on page 41 of the 1999 Financial Review Section of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information appearing under "Management's Discussion and Analysis" on pages 1 through 14 of the 1999 Financial Review Section of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information appearing under "Financial Instruments Sensitivity Analysis" on page 15 the 1999 Financial Review Section of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements and related notes thereto, together with the report thereon by Ernst & Young LLP dated February 14, 2000, except for Note W, as to which the date is February 21, 2000, appearing on pages 16 through 40 of the 1999 Financial Review Section of the Annual Report to Shareholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Biographical information concerning the Company's Directors appearing under the caption "Election of Directors" and information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's proxy statement dated March 3, 2000 is incorporated herein by reference. Biographical information concerning the Company's Executive Officers is as follows:

David L. Burner, Age 60, Chairman, President and Chief Executive Officer

Mr. Burner joined the Company in 1983 as Vice President, Finance, for the

Company's Engineered Products Group. He served in several other management positions before being named Executive Vice President of BFGoodrich Aerospace in 1985. He was appointed President of BFGoodrich Aerospace in 1987. Mr. Burner was elected a Senior Vice President in 1990, an Executive Vice President in 1993, President in December 1995, assumed the additional title of Chief Executive Officer in December 1996 and became Chairman in July 1997. Before joining BFGoodrich he was Executive Vice President and Chief Financial Officer of ABS Industries in Willoughby, Ohio. Mr. Burner received a B.S.C. degree in accounting from Ohio University.

Marshall O. Larsen, Age 51, Executive Vice President and President and Chief Operating Officer, BFGoodrich Aerospace

Mr. Larsen joined the Company in 1977 as an Operations Analyst. He served in various management positions until 1986 when he became Assistant to the President of the Company. He later served as General Manager of several divisions of BFGoodrich Aerospace. In 1994, Mr. Larsen was elected a Vice President of the Company and named Group Vice President, Safety Systems, BFGoodrich Aerospace. In December 1995 he was elected Executive Vice President of the Company and named President and Chief Operating Officer of BFGoodrich Aerospace. Mr. Larsen received a B.S. in engineering from the U.S. Military Academy and an M.S. in industrial administration from the Krannert Graduate School of Management at Purdue University.

David B. Price, Jr., Age 54, Executive Vice President and President and Chief Operating Officer, BFGoodrich Performance Materials

Mr. Price joined BFGoodrich in July 1997 in his present capacity. Prior to joining BFGoodrich, he was President of Performance Materials of Monsanto Company since 1995. Prior positions held by Mr. Price at Monsanto include Vice President and General Manager of commercial operations for the Industrial Products Group from 1993 to 1995, Vice President and General Manager of the Performance Products Group from 1991 to 1993, and Vice President and General Manager of Specialty Chemicals Division from 1987 to 1991. Mr. Price has a B.S. in civil engineering from the University of Missouri and an M.B.A. from Harvard University.

John W. Guffey, Jr., Age 62, Executive Vice President

Mr. Guffey served as Executive Vice President of the Company from July 1999 until his retirement in December 1999. Prior to the Company's merger with Coltec Industries Inc in July 1999, Mr. Guffey served as Chairman and Chief Executive Officer of Coltec. Mr. Guffey became President of Garlock Mechanical Packaging Division of Coltec in 1985 and Group President in 1987. He became President and Chief Operating Officer in 1991. Mr. Guffey was named Chairman and Chief Executive Officer of Coltec in 1995. He is a director of Gleason Corporation and is a Trustee of the Manufacturers Alliance. Mr. Guffey received a B.S. in engineering from Youngstown State University.

Ernest F. Schaub, Age 56, Executive Vice President and President and Chief Operating Officer, BFGoodrich Engineered Industrial Products

Mr. Schaub joined the Company in November 1971 as a Key Industrial Engineer. He served in various management positions until 1987 when he was named Group Vice President, Braking Systems of BFGoodrich Aerospace. In January 1995 Mr. Schaub was named Group President, Landing Systems of BFGoodrich Aerospace. In September 1999 he was elected Executive Vice President of the Company and President and

Chief Operating Officer of BFGoodrich Engineered Industrial Products. Mr. Schaub received a B.S. in industrial engineering from the University of New Haven and an MBA from Case Western Reserve University.

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Laurence A. Chapman, Age 50, Senior Vice President and Chief Financial Officer

Mr. Chapman was elected to his current position in February 1999. He had been Senior Vice President and Chief Financial Officer of BFGoodrich Aerospace--Aerostructures Group, formerly Rohr, Inc. from December 1997 until February 1999. Previously, Mr. Chapman was Senior Vice President and Chief Financial Officer of Rohr, Inc. since 1994. From 1987 to 1994, Mr. Chapman held various executive positions at Westinghouse Electric Company, most recently Vice President and Treasurer and Chief Financial Officer of Westinghouse Financial Services. Mr. Chapman received a B.A. in accounting from McGill University and an M.B.A. from Harvard Graduate School of Business.

Terrence G. Linnert, Age 53, Senior Vice President, Human Resources and Administration, General Counsel and Secretary

Mr. Linnert joined BFGoodrich in November 1997. Prior to joining BFGoodrich, Mr. Linnert was Senior Vice President of Corporate Administration, Chief Financial Officer and General Counsel at Centerior Energy Corporation. At BFGoodrich, Mr. Linnert has responsibilities for the Company's human resources, administration, legal, internal auditing, environmental and federal government relations organizations. Mr. Linnert joined The Cleveland Electric Illuminating Company in 1968, holding various engineering, procurement and legal positions until 1986, when CEI and The Toledo Edison Company became affiliated as wholly owned subsidiaries of Centerior Energy Corporation. Subsequently, Mr. Linnert had a variety of legal responsibilities until he was named director of legal services in 1990. In 1992, he was appointed a vice president, with responsibilities for legal, governmental and regulatory affairs. Prior to joining the Company, his responsibilities at Centerior included managing the legal, finance, human resources, regulatory and governmental affairs, internal auditing and corporate secretary functions. Mr. Linnert received a B.S. in electrical engineering from the University of Notre Dame in 1968 and a juris doctor degree from the Cleveland-Marshall School of Law at Cleveland State University in 1975.

Robert D. Koney, Jr., Age 43, Vice President and Controller

Mr. Koney joined the Company in 1986 as a financial accounting manager. He became Assistant Controller for BFGoodrich Aerospace in 1992 before being appointed Vice President and Controller for the Commercial Wheels and Brakes business in 1994. He was elected Vice President and Controller in April 1998. Prior to joining BFGoodrich, he held management positions with Picker International and Arthur Andersen & Company. Mr. Koney received a B.A. in accounting from the University of Notre Dame and an M.B.A. from Case Western Reserve University.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation appearing under the captions "Executive Compensation" and "Governance of the Company - Compensation

of Directors" in the Company's proxy statement dated March 3, 2000 is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security ownership data appearing under the captions "Holdings of Company Equity Securities by Directors and Executive Officers" and "Beneficial Ownership of Securities" in the Company's proxy statement dated March 3, 2000 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning indebtedness of management appearing under the caption "Executive Compensation -- Indebtedness" in the Company's proxy statement dated March 3, 2000 is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

- (1) The 1999 Financial Review Section of the Company's 1999 Annual Report to Shareholders. The following financial information is incorporated herein by reference:

(PAGE REFERENCES TO 1999 FINANCIAL REVIEW SECTION OF THE ANNUAL REPORT)

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Consolidated Balance Sheet at December 31, 1999 and 1998

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Consolidated Statement of Cash Flows for the years ended
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Consolidated Statement of Shareholders' Equity for the
years ended December 31, 1999, 1998 and 1997

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(2) Consolidated Financial Statement Schedules:

Schedules have been omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or the Notes to the Consolidated Financial Statements.

(3) Listing of Exhibits: A listing of exhibits is on pages 17 to 19 of this Form 10-K.

(b) Reports on Form 8-K filed in the fourth quarter of 1999:

Current Report on Form 8-K filed October 29, 1999 (relating to the announcement of the Company's earnings for the three-month and nine-month periods ended September 30, 1999).

Current Report on Form 8-K filed December 17, 1999 (relating to the filing of the Company's consolidated financial statements at December 31, 1998 and 1997 and for the years ended December 31, 1998, 1997 and 1996, which have been restated to reflect the merger with Coltec Industries Inc).

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED ON FEBRUARY 21, 2000.

THE BFGOODRICH COMPANY
(Registrant)

By /s/ David L. Burner

(David L. Burner, Chairman and
Chief Executive Officer)

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934,
THIS REPORT HAS BEEN SIGNED BELOW ON FEBRUARY 21, 2000 BY THE FOLLOWING PERSONS
(INCLUDING A MAJORITY OF THE BOARD OF DIRECTORS) ON BEHALF OF THE REGISTRANT AND
IN THE CAPACITIES INDICATED.

<TABLE>

<S>

/s/ DAVID L. BURNER

(David L. Burner)
Chairman and Chief Executive Officer
Controller
And Director (Principal Executive Officer)
Officer)

/s/ LAURENCE A. CHAPMAN

(Laurence A. Chapman)
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DIANE C. CREEL

(Diane C. Creel)
Director

/s/ GEORGE A. DAVIDSON, JR.

(George A. Davidson, Jr.)
Director

/s/ JAMES J. GLASSER

(James J. Glasser)
Director

/s/ JODIE K. GLORE

(Jodie K. Glore)
Director

/s/ JOHN W. GUFFEY, JR.

<C>

/s/ROBERT D. KONEY, JR.

(Robert D. Koney, Jr.)
Vice President and

(Principal Accounting

/s/ DAVID I. MARGOLIS

(David I. Margolis)
Director

/s/ DOUGLAS E. OLESEN

(Douglas E. Olesen)
Director

/s/ RICHARD DE J. OSBORNE

(Richard De J. Osborne)
Director

/s/ ALFRED M. RANKIN, JR.

(Alfred M. Rankin, Jr.)
Director

/s/ ROBERT H. RAU

(Robert H. Rau)
Director

/s/ JAMES R. WILSON

(John W. Guffey, Jr.)
Director

/s/ WILLIAM R. HOLLAND

(William R. Holland)
Director
</TABLE>

(James R. Wilson)
Director

/s/ A. THOMAS YOUNG

(A. Thomas Young)
Director

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INDEX TO EXHIBITS

Exhibit Number -----	Description -----
3(A)	The Company's Restated Certificate of Incorporation, with amendments filed August 4, 1997 and May 6, 1998, filed as Exhibit 3(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.
3(B)	The Company's By-Laws, as amended, through April 20, 1998, filed as Exhibit 3(B) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, is incorporated herein by reference.
4	Information relating to the Company's long-term debt is set forth in Note H -- "Financing Arrangements" to the Company's financial statements, which are filed as Exhibit 13 to this Annual Report on Form 10-K. Instruments defining the rights of holders of such long-term debt are not filed herewith since no single debt item exceeds 10% of consolidated assets. Copies of such instruments will be furnished to the Commission upon request.
10(A)	Stock Option Plan, filed as Exhibit 10(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.
10(B)	Form of Disability Income Agreement, filed as Exhibit 10(B) (4) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.
10(C)	Form of Supplemental Executive Retirement Plan Agreement, filed as Exhibit 10(C) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.

- 10(D) Management Incentive Program, filed as Exhibit 10(D) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.
- 10(E) Form of Management Continuity Agreement entered into by The B.F.Goodrich Company and certain of its employees. *
- 10(F) Senior Executive Management Incentive Plan, filed as Appendix B to the Company's 1995 Proxy Statement dated March 2, 1995, is incorporated herein by reference.
- 10(G) Rights Agreement, dated as of June 2, 1997, between The B.F.Goodrich Company and The Bank of New York which includes the form of Certificate of Amendment setting forth the terms of the Junior Participating Preferred Stock, Series F, par value \$1 per share, as Exhibit A, the form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Shares as Exhibit C, filed as Exhibit 1 to the Company's Registration Statement on Form 8-A filed June 19, 1997, is incorporated herein by reference.
- 10(H) Employee Protection Plan, filed as Exhibit 10(I) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, is incorporated herein by reference.
- 10(I) Benefit Restoration Plan, filed as Exhibit 10(J) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, is incorporated herein by reference.
- 10(J) The B.F.Goodrich Company Savings Benefit Restoration Plan, filed as Exhibit 4(b) to the Company's Registration Statement on Form S-8 (No. 333-19697), is incorporated herein by reference.
- 10(K) 1998 - 2000 Long-Term Incentive Plan Summary Plan Description and form of award, filed as Exhibit 10(K) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.

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- 10(L) 1999 - 2001 Long-Term Incentive Plan Summary Plan Description and form of award. *
- 10(M) Amended and Restated Assumption of Liabilities and Indemnification Agreement between the Company and The Geon Company, filed as Exhibit 10.3 to the Registration Statement on Form S-1 (No. 33-70998) of The Geon Company, is incorporated herein by reference.
- 10(N) Outside Directors' Phantom Share Plan, filed as Exhibit 10(M) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by reference.

- 10(O) Directors Deferred Compensation Plan, filed as Exhibit 10(N) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by reference.
- 10(P) Rohr, Inc. Supplemental Retirement Plan (Restated 1997), filed as an exhibit to Rohr, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended May 4, 1997, is incorporated herein by reference.
- 10(Q) Rohr, Inc. 1991 Stock Compensation for Non-Employee Directors, filed as an exhibit to Rohr, Inc.'s Annual Report on Form 10-K for the fiscal year ended July 31, 1992, is incorporated herein by reference.
- 10(R) Rohr Industries, Inc., Management Incentive Plan (Restated 1982), as amended through the Fifteenth Amendment, filed as an exhibit to Rohr, Inc.'s Annual Report on Form 10-K for the fiscal year ended July 31, 1994, is incorporated herein by reference.
- 10(S) Sixteenth Amendment to Rohr, Inc. Management Incentive Plan (Restated 1982), dated June 7, 1996, filed as an exhibit to Rohr, Inc.'s Annual Report on Form 10-K for the fiscal year ended July 31, 1996, is incorporated herein by reference.
- 10(T) Seventeenth Amendment to Rohr Industries, Inc. Management Incentive Plan (Restated 1982), dated September 13, 1996, filed as an exhibit to Rohr, Inc.'s Annual Report on Form 10-K for the fiscal year ended July 31, 1996, is incorporated herein by reference.
- 10(U) Employment Agreement with Robert H. Rau, filed as an exhibit to Rohr, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended May 2, 1993, is incorporated herein by reference.
- 10(V) First Amendment to Employment Agreement with Robert H. Rau, filed as an exhibit to Rohr, Inc.'s Annual Report on Form 10-K for the fiscal year ended July 31, 1996, is incorporated herein by reference.
- 10(W) Rohr, Inc. 1989 Stock Option Plan, filed as Exhibit 10.18 to the Rohr Industries, Inc. Annual Report on Form 10-K for the fiscal year ended July 31, 1990, is incorporated herein by reference.
- 10(X) Rohr, Inc. 1995 Stock Incentive Plan, filed as Exhibit 4.1 to Rohr, Inc.'s Registration Statement on Form S-1 (File No. 33-65447) filed on December 28, 1995, is incorporated herein by reference.
- 10(Y) Employment Agreement with Robert H. Rau, filed as Exhibit 10(X) to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by reference.
- 10(Z) Consulting Agreement with Robert H. Rau, filed as Exhibit

10(Y) to the Company's Annual Report on Form 10-K for the year ended December 31, 1998, is incorporated herein by reference.

10(AA) Family Protection Plan of Coltec Industries Inc filed as Exhibit 4.28 to Coltec Industries Inc's Quarterly Report on Form 10-Q for the quarter ended September 27, 1998, is incorporated herein by reference.

10(BB) Form of Split Dollar Insurance Agreement dated May 8, 1997 between Coltec Industries Inc and certain executive officers, filed as Exhibit 10.2 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by reference.

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10(CC) Benefits Equalization Plan of Coltec Industries Inc effective January 1, 1976 and Amended and Restated as of January 1, 1989, filed as Exhibit 10.3 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1997, is incorporated herein by reference.

10(DD) Employment Agreement between Coltec Industries Inc and John W. Guffey, Jr., dated July 15, 1998, filed as Exhibit 10.28 to Coltec Industries Inc's Quarterly Report on Form 10-Q for the quarter ended June 28, 1998, is incorporated herein by reference.

10(EF) 1992 Stock Option and Incentive Plan of Coltec Industries Inc, filed as Exhibit 10.24 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1991, is incorporated herein by reference.

10(FF) Amendment No. 1 to Coltec Industries Inc's 1992 Stock Option and Incentive Plan, filed as Exhibit 10.15 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated herein by reference.

10(GG) Second Amendment to Coltec Industries Inc's 1992 Stock Option and Incentive Plan, filed as Exhibit 10.3 to Coltec Industries Inc's Quarterly Report on Form 10-Q for the quarter ended September 28, 1997, is incorporated herein by reference.

10(HH) Amendment No. 3 to Coltec Industries Inc's 1992 Stock Option and Incentive Plan, filed as Exhibit A to Coltec Industries Inc's definitive proxy statement filed March 26, 1997, is incorporated herein by reference.

10(II) 1994 Long-Term Incentive Plan of Coltec Industries Inc, filed as Exhibit 10.16 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1993, is incorporated herein by reference.

10(JJ) Resolutions of the Board of Directors of Coltec Industries Inc

adopted July 13, 1995 amending Section 6(a) of Coltec Industries Inc's 1994 Long-Term Incentive Plan, filed as Exhibit 10.17 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated herein by reference.

- 10(KK) Resolution of the Board of Directors of Coltec Industries Inc adopted on May 30, 1995 establishing a change-in-control arrangement for non-employee directors, filed as Exhibit 10.21 to Coltec Industries Inc's Annual Report on Form 10-K for the year ended December 31, 1995, is incorporated herein by reference.
- 13 1999 Financial Review Section of the Annual Report to Shareholders.
- 21 Subsidiaries. *
- 23(a) Consent of Independent Auditors - Ernst & Young LLP. *
- 23(b) Consent of Independent Auditors - Arthur Andersen LLP. *
- 27.1 Financial Data Schedules - Three Months ended March 31, 1999 *
- Six Months ended June 30, 1999 *
- 27.2 Financial Data Schedule - Year ended December 31, 1999 *
- 99 Independent Auditors Report - Arthur Andersen LLP. *
- -----

* Filed herewith.

The Company will supply copies of the foregoing exhibits to any shareholder upon receipt of a written request addressed to the Assistant Secretary of The B.F.Goodrich Company, 2550 West Tyvola Road, Charlotte, NC 28217, and the payment of \$.50 per page to help defray the costs of handling, copying and postage. The Company is currently planning to move into a new headquarters facility in May 2000. The new address will be Four Coliseum Centre, 4000 North Falls Drive, Charlotte, NC 28217.

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EXHIBIT 10(E)

MANAGEMENT CONTINUITY AGREEMENT

THIS AGREEMENT dated as of this [] day of [], 199[] between [] (the "Executive") and The B.F. Goodrich Company, a New York corporation (the "Company").

WHEREAS, the Executive and the Company desire to set forth certain compensation and benefits that the Executive shall receive upon the happening of certain events affecting the Executive and the Company, and

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein contained, the parties agree as follows:

1. TERM. This Agreement shall commence on the date hereof and shall continue until the Date of Termination as set forth in Section 8 hereof.

2. PERIOD OF EMPLOYMENT. Executive's "Period of Employment" shall commence on the date on which a Change in Control occurs and shall end on the date that is 24 months after the date on which such Change in Control occurs. Notwithstanding the foregoing, however, Executive's Period of Employment shall not extend beyond any Mandatory Retirement Date (as hereinafter defined in Section 3) applicable to Executive.

3. CERTAIN DEFINITIONS. For purposes of this Agreement:

(a) A "Change in Control" shall mean:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then outstanding Shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company (other than by exercise of a conversion privilege), (B) any acquisition by the Company or any of its subsidiaries, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (D) any acquisition by any company with respect to which, following such acquisition, more than 70% of, respectively, the then outstanding Shares of

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common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the

beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such acquisition in substantially the same proportions as their ownership, solely in their capacity as Shareholders of the Company, immediately prior to such acquisition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(ii) Individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the beginning of such period whose election, or nomination for election by the Company's Shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms is used in Rule 14A-11 of Regulation 14A promulgated under the Exchange Act); or

(iii) Consummation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, solely in their capacity as Shareholders of the Company, more than 70% of, respectively, the then outstanding Shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be; or

(iv) Consummation of (A) a complete liquidation or dissolution of the Company or (B) a sale or other disposition of all or substantially all of the assets of the Company, other than to a company, with respect to which following such sale or other disposition, more than 70% of, respectively, the then outstanding Shares of common stock of such company and the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors is then

beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities, solely in their capacity as Shareholders of the Company, who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be.

(b) The term "Mandatory Retirement Date" shall mean the compulsory retirement date, if any, established by the Company for those executives of the Company who, by reason of their positions and the size of their nonforfeitable annual retirement benefits under the Company's pension, profit-sharing, and deferred compensation plans, are exempt from the provisions of the Age Discrimination in Employment Act, 29 U.S.C. Sections 621, et seq, which date shall not in any event be earlier for any executive than the last day of the month in which such Executive reaches age 65.

(c) The term "Payment Period" shall mean [twenty-four (24)] [thirty-six (36)] months.

4. COMPENSATION DURING PERIOD OF EMPLOYMENT. For so long during Executive's period of Employment as Executive is an employee of the Company, the Company shall be obligated to compensate Executive as follows:

(a) Executive shall continue to receive Executive's full base salary at the rate in effect immediately prior to the Change in Control. Executive's base salary shall be increased annually, with each such increase due on the anniversary date of Executive's most recent previous increase. Each such increase shall be no less than an amount which at least equals on a percentage basis the mean of the annualized percentage increases in base salary for all elected officers of the Company during the two full calendar years immediately preceding the Change in Control.

(b) Executive shall continue to participate in all benefit and compensation plans (including but not limited to the Stock Option Plan, Long-Term Incentive Plan, Management Incentive Program, Non-Qualified Benefit Security Plan, Executive Life Insurance Program, Savings Benefit Restoration Plan, Performance Share Deferred Compensation Plan, pension plan, savings plan, flexible benefits plan, life insurance plan, health and accident plan or disability plan) in which Executive was participating immediately prior to the Change in Control, or in plans providing substantially similar benefits, in either case upon terms and conditions and at levels at least as favorable as those provided to Executive under the plans in which Executive was participating immediately prior to the Change in Control;

(c) Executive shall continue to receive all fringe benefits, perquisites, and similar arrangements which Executive was entitled to receive immediately prior to the Change in Control; and

(d) Executive shall continue to receive annually the number of paid vacation days and holidays Executive was entitled to receive immediately prior to the Change in Control.

5. COMPENSATION UPON TERMINATION OF EMPLOYMENT. If, during the Period of Employment, the Company shall terminate Executive's employment for any reason (other than for a reason and as expressly provided in Section 6 hereof), or if Executive shall terminate Executive's employment for "Good Reason" (as hereinafter defined in Section 6(b)) then the Company shall be obligated to compensate Executive as follows and no payments or benefits received pursuant to this Section 5 shall be reduced or terminated as a result of Executive reaching the Mandatory Retirement Date:

(a) In lieu of any salary payments that the Executive would have received if he had continued in the employment of the Company during the Payment Period, the Company shall pay to Executive in a lump sum, by not later than the fifth business day following the Date of Termination (as hereinafter defined in Section 8), an amount equal to one-twelfth of Executive's annualized base salary in effect immediately prior to the Date of Termination, multiplied by the number of months in the Payment Period.

(b) By not later than the fifth day following the Date of Termination, the Company shall pay Executive in a lump sum an amount equal to the product of (x) the number of months in the Payment Period and (y) the sum of

(i) under the Company's Management Incentive Program (the "MIP"), and in lieu of any further grants under the MIP that the Executive would have received if he had continued in the employment of the Company during the Payment Period, the greatest of one-twelfth of : (A) the amount most recently paid to Executive for a full calendar year; (B) Executive's "target incentive amount" for the calendar year in which his Date of Termination occurs; or (C) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs; plus, if applicable,

(ii) under the Company's Long-Term Incentive Plan (the "LTIP"), and in lieu of any further grants under the LTIP that the Executive would have received if he had continued in the employment of the Company during the Payment Period, the greatest of (A) with respect to the most recently completed Plan Cycle commencing with the 1998-2000 Plan Cycle (if completed), one-twelfth of the "calculated market value" of the Performance Shares actually awarded to Executive (including the value of any Performance Shares Executive may have elected to defer under the Performance Share Deferred Compensation Plan); (B) with respect to the most recently commenced Plan Cycle under the Long-Term Incentive Plan (if Executive is a participant in such Plan Cycle) prior

to your Date of Termination, one-twelfth of the "calculated market value" of the phantom Performance Shares, if any, awarded to Executive; or (C) with respect to the most recently commenced Plan Cycle prior to the date of the occurrence of the Change in Control, one-twelfth of the "calculated market value" of the phantom Performance shares, if any, awarded to Executive. Any payment received pursuant to this Section 5 (b)(ii) shall be in addition to and not in lieu of any payments required to be made to Executive as the result of the happening of an event that would constitute a change in control pursuant to the provisions of the LTIP

Executive's "target incentive amount" under the Management Incentive Program is determined by multiplying Executive's salary range midpoint by the incentive target percentage, which is applicable to Executive's incentive category under such Program. For purposes of this Section 5, the "calculated market value" of Performance Shares, shares deferred under the Performance Share Deferred Compensation Plan, phantom Performance Shares under the LTIP or stock options under the Stock Option Plan shall be the mean of the high and low prices of the Company's common stock on the relevant date as reported on the New York Stock Exchange Composites Transactions listing (or similar report), or, if no sale was made on such date, then on the next preceding day on which a sale was made multiplied by the number of shares involved in the calculation. The relevant date for clauses 5(b)(ii)(B) and 5(b)(ii)(C) is the date upon which the Compensation Committee ("Committee") of the Board of Directors awarded the shares of stock in question; for clause 5(b)(ii)(A) is the date on which the Committee made a determination of attainment of financial objectives and awarded Performance Shares (including any Performance Shares Executive may have elected to defer under the Performance Share Deferred Compensation Plan).

Any payment received pursuant to Section 5 (b)(i) shall be in addition to and not in lieu of any payments required to be made to Executive as the result of the happening of an event that would constitute a change in control pursuant to the provisions of the MIP.

(c) If Executive is under age 55, or over the age of 55 but not eligible to retire, at the Date of Termination the Company shall maintain in full force and effect, for Executive's continued benefit, for the Payment Period, all health and welfare benefit plans and programs or arrangements in which Executive was entitled to participate immediately prior to the Date of Termination (or such other comparable plans, programs or arrangements that provide, in the aggregate, benefits which have an economic value at least as favorable to the Executive as those plans, programs and arrangements in which Executive participated prior to the Date of Termination, as long as Executive's continued participation is possible under the general terms and provisions of such plans and programs. In the event that Executive's participation in any such plan or program is barred [or modified], the Company shall provide Executive with benefits substantially similar to those to which Executive would have been entitled to receive under such plans and programs, had Executive continued to participate in them as an Executive of the

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Company plus an amount in cash equal to the amount necessary to cause the amount of the aggregate after-tax compensation and employee benefits Executive receive pursuant to this provision to be equal to the aggregate after-tax value of the benefits which Executive would have received if Executive continued to receive such benefits as an employee. If Executive is age 55 or over and eligible to retire on the Date of Termination, the Company shall provide Executive with those health and welfare benefits to which Executive would be entitled under the Company's general retirement policies if Executive retired on the Termination Date with the Company paying that percentage of the premium cost of the plans which it would have paid under the terms of the plans in effect immediately prior to the Change of Control with respect to individuals who retire at age 65, regardless of Executive's actual age on the Termination Date, provided such benefits would be at least equal to those which would have been payable if Executive had been eligible to retire and had retired immediately prior to the Change in Control;

(d) The Company shall for the Payment Period continue, and Executive shall be entitled to receive fringe benefit programs, perquisites, and similar arrangements (which, by way of illustration and not limitation, shall include: company car, health, dining and country club memberships, financial planning services, telecommunications services, home security systems and the like) which in the aggregate have an economic value at least as favorable to the Executive as those the Executive was entitled to receive or participate in immediately prior to the Date of Termination; and

(e) In lieu of further grants of stock options that would have been received by the Executive if he had remained employed by the Company during the Payment Period, the Company shall pay to the Executive a sum equal to one twelfth of the number of stock options in the last annual grant of stock options made by the Company to the Executive ("stock option grant"), multiplied by the number of months in the Payment Period, multiplied by the calculated market value of the Common Stock of the Company on the date of the stock option grant, multiplied by a factor used by the Company in valuing fully vested options with a 10 year life in the Company's most recent Annual Report on Form 10-K for options held by senior executives pursuant to the Black-Scholes method of valuing stock options, or, if such valuation was not made in the Form 10-K, then under the Black-Scholes method assuming options would be outstanding for 10 years.

The Company shall, in addition to the benefits to which Executive is entitled under the retirement plans or programs in which Executive participates, pay Executive in a lump sum in cash at Executive's normal retirement date (or earlier retirement date should Executive so elect), as such date is defined in the retirement plans or programs in which Executive participates, an amount equal to the actuarial equivalent of the retirement pension to which Executive would have been entitled under the terms of such retirement plans or programs had Executive accumulated additional years of continuous service under such plans equal in length to Executive's Payment Period. The length of the Payment Period will be added to total years of continuous service for determining vesting, the amount of benefit accrual, to the age which Executive will be considered to be for the purposes of determining eligibility for normal or early retirement calculations and the age used for determining the amount of any

actuarial reduction. For the purposes

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of calculating benefit accrual, the amount of compensation Executive will be deemed to have received during each month of Executive's Payment Period shall be equal to the sum of Executive's annual base salary prorated on a monthly basis as provided for under subsection 4(a) immediately prior to the Date of Termination (including salary increases), plus under the Company's Management Incentive Program the greatest of one-twelfth of (which amount shall be reduced by the actuarial equivalent of any amounts to which Executive is actually entitled pursuant to the provisions of said retirement plans and programs):

- (i) the amount most recently paid to Executive for a full calendar year,
- (ii) Executive's "target incentive amount" for the calendar year in which Executive's Date of Termination occurs, or
- (iii) Executive's "target incentive amount" in effect prior to the Change in Control for the calendar year in which the Change in Control occurs

Attached as Exhibit 1 is an illustration, not intending to be exhaustive, of examples of how inclusion of the Payment Period may affect the calculation of Executive's retirement benefit.

6. TERMINATION.

(a) TERMINATION WITHOUT COMPENSATION. If Executive's employment or the term of this Agreement is terminated for any of the following reasons and in accordance with the provisions of this Section 6, Executive shall not be entitled by virtue of this Agreement to any of the benefits provided in the foregoing Section 5:

(i) If prior to the Commencement of the Period of Employment, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from Executive's duties with the Company on a full-time basis for 120 consecutive business days, and within thirty (30) days after a written Notice of Termination (as hereinafter defined in Section 7) is given, Executive shall not have returned to the full-time performance of Executive's duties ("Incapacity Discharge");

(ii) If prior to the Commencement of the Period of Employment, the Company shall desire to terminate this Agreement without reason ("Convenience Termination").

(iii) If the Company shall have Cause. For the purposes of this Agreement, the Company shall have

"Cause" to terminate Executive's employment hereunder upon (A) the willful and continued failure by Executive to substantially perform Executive's

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duties with the Company, which failure causes material and demonstrable injury to the Company (other than any such failure resulting from Executive's incapacity due to physical or mental illness), after a demand for substantial performance is delivered to Executive by the Board which specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties, and after Executive has been given a period (hereinafter known as the "Cure Period") of at least thirty (30) days to correct Executive's performance, or (B) the willful engaging by Executive in other gross misconduct materially and demonstrably injurious to the Company. For purposes of this section, no act, or failure to act, on Executive's part shall be considered "willful" unless conclusively demonstrated to have been done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interests of the Company.

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a Notice of Termination which shall include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that in the good faith opinion of the Board Executive was guilty of conduct set forth above in clauses (i), including the expiration of the Cure Period without the correction of Executive's performance, or (ii) of the preceding subsection and specifying the particulars thereof in detail.

(iv) This Agreement shall terminate upon the death, retirement or voluntary resignation of the Executive prior to the commencement of the Period of Employment.

(b) TERMINATION WITH COMPENSATION. If Executive terminates his employment or his employment terminates for any of the following reasons and in accordance with the provisions of this Section 6, Executive shall be entitled by virtue of this Agreement to the benefits provided in the foregoing Section 5 as described below:

(i) The Executive may terminate his employment with the Company at any time during the Period of Employment for Good Reason ("Good Reason Termination") and shall receive all of the benefits and payments provided in Section 5. For purposes of this Agreement, the term "Good Reason" shall mean:

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- (A) without Executive's express written consent, (1) any involuntary termination of the Executive's employment, except pursuant to Section 6 hereof, during the Employment Period, (2) the assignment to Executive of any new duties or responsibilities inconsistent in character with Executive's positions, duties, responsibilities, and reporting relationships and status within the Company immediately prior to a Change in Control, (3) any change in Executive's duties, responsibilities, reporting relationships, titles or offices as in effect immediately prior to a Change in Control, including, but not limited to, a reduction in duties or responsibilities which occurs because the Company is no longer an independent publicly-held entity (4) any removal of Executive from or any failure to re-elect Executive to any officer or director position of the Company, (5) a change in the annual or long term incentive plan in which Executive currently participates such that Executive's opportunity to earn incentive compensation is impaired, (6) a material reduction in the aggregate value of Company perquisites made available to Executive, (7) an elimination or material impairment of Executive's ability to participate in retirement plans comparable to those in which Executive currently participates, (8) any increase in Executive's obligation to travel on the Company's business over Executive's present business travel

obligations, (9) an elimination or material impairment of Executive's ability to receive stock options with values comparable to those Executive was granted within the one year period preceding the commencement of the Employment Period;

- (B) the failure of the Company to comply with any other of its obligations under Section 4 herein;
- (C) the relocation of the offices of the Company at which Executive were employed immediately prior to the Change in Control to a location which is more than fifty (50) miles from such prior location, or the failure of the Company to (A) pay or reimburse Executive, in accordance with the Company's relocation policy for its employees in existence immediately prior to a Change in Control, for all reasonable costs and expenses, plus "gross-ups" referred to in such policy incurred by Executive relating to a change of Executive's principal residence in connection with any relocation of the

Company's offices to which Executive consents, and (B) indemnify Executive against any loss (defined as the difference between the actual sale price of such residence and the higher of (1) Executive's aggregate investment in such residence of (2) the fair market value of such residence as determined by the relocation management organization used by the Company immediately prior to the Change in Control (or other real estate appraiser designated by Executive and reasonably satisfactory to the Company)) realized in the sale of Executive's principal residence in connection with any such change of residence;

- (D) the failure of the Company to obtain the assumption of and the agreement to perform this Agreement by any successor as contemplated in Section 11 hereof; or
- (E) any purported termination of Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 7 hereof.
- (F) Convenience Termination after Commencement of the Period of Employment

(ii) If Executive dies while employed by the Company during the Period of Employment while having cause to terminate his employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7), Executive's beneficiary or beneficiaries named on Exhibit 2 to this Agreement (or Executive's estate if he has not named a beneficiary) shall be entitled to receive those payments provided under Sections 5(a) and 5(b) of this Agreement in addition to any benefits that such beneficiaries would be entitled under any other plan, program or policy of the Company as a result of Executive's employment with the Company.

(iii) If, during the Period of Employment, Executive either (A) retires from employment with the Company or (B) if the Company discharges the Executive due to an Incapacity Discharge, in either case while having cause to terminate his employment as a Good Reason Termination (whether or not Executive has provided Notice of Termination to the Company pursuant to Section 7) the Executive shall receive all of the benefits and payments provided in Section 5.

7. NOTICE OF TERMINATION. Any termination of Executive's employment by the Company or any termination by Executive as a Good Reason Termination shall be

communicated by written notice to the other party hereto. For purposes of this Agreement, such notice shall be referred to as a "Notice of Termination." Such notice shall, to the extent applicable, set forth the specific reason for termination, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

8. DATE OF TERMINATION. "Date of Termination" shall mean:

(a) If Executive terminates Executive's employment as a Good Reason Termination, the date specified in the Notice of Termination, but in no event more than sixty (60) days after Notice of Termination is given.

(b) If Executive's employment is terminated for Cause under subsection 6(a)(iii), the date on which a Notice of Termination is given, except that the Date of Termination shall not be any date prior to the date on which the Cure Period expires without the correction of Executive's performance.

(c) If Executive's employment pursuant to this Agreement is terminated following absence due to physical incapacity, under subsection 6(a)(i), then the Date of Termination shall be thirty (30) days after Notice of Termination is given (provided that Executive shall not have returned to the performance of Executive's duties on a full-time basis during such thirty (30) day period).

(d) If the Company desires to terminate this Agreement as a Convenience Termination, then the date specified in the Notice of Termination, shall be at least [twelve (12)] [thirty-six (36)] months after Notice of Termination is given.

(e) A termination of employment by either the Company or by Executive shall not affect any rights Executive or Executive's surviving spouse or beneficiaries may have pursuant to any other agreement or plan of the Company providing benefits to Executive, except as provided in such agreement or plan.

9. CERTAIN ADDITIONAL PAYMENTS.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to Executive or for Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this section 9) (a "Payment") would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalty is incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and

Excise Tax imposed on the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of subsection 9(c), all determinations required to be made under this section 9, including whether and when such a Gross-Up Payment is required and the amount of such Gross-Up Payment

and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young (or their successors) (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and to Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment as determined pursuant to this section 9, shall be paid by the Company to Executive within five (5) days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with a written opinion that failure to report the Excise Tax on Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Executive. As a result of the uncertainty of the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"). In the event that the Company exhausts its remedies pursuant to Section 9(c) and Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to Executive or for Executive's benefit.

(c) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after Executive or his representative is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time,

including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

- (iii) cooperate with the Company in good faith in

order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this subsection 9(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of any such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for Executive's taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by Executive of an amount advanced by the Company pursuant to subsection 9(c), Executive become entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of subsection 9(c) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to subsection 9(c), a determination is made that Executive shall not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

10. NO OBLIGATION TO MITIGATE DAMAGES; NO EFFECT ON OTHER CONTRACTUAL RIGHTS. Executive shall not be required to refund the amount of any payment or employee benefit provided for or otherwise mitigate damages under this Agreement by seeking or accepting other employment or otherwise, nor shall the amount of any payment required to be made under this Agreement be reduced by any

compensation earned by Executive as the result of any employment by another employer after the date of termination of Executive's employment with the Company, or otherwise. Upon receipt of written notice from Executive that Executive has been reemployed by another company or entity on a full-time basis, benefits, fringe benefits and perquisites otherwise receivable by Executive pursuant to Sections 5(c) or 5(d) related to life, health, disability and accident insurance plans and programs and other similar benefits, company cars, financial planning, country club memberships, and the like (but not Incentive Compensation, LTIP, Pension Plans or other similar plans and programs) shall be reduced to the extent comparable benefits are made available to Executive at his new employment and any such benefits actually received by Executive shall be reported to the Company by the Executive.

The provisions of the Agreement, and any payment or benefit provided for hereunder, shall not reduce any amount otherwise payable, or in any way diminish Executive's existing rights, or rights which would occur solely as a result of the passage of time, under any other agreement, contract, plan or arrangement with the Company.

11. SUCCESSORS AND BINDING AGREEMENT

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to Executive, to assume and agree to perform this Agreement.

(b) This Agreement shall be binding upon the Company and any successor of or to the Company, including, without limitation, any person acquiring directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed "the Company" for the purposes of this Agreement), but shall not otherwise be assignable by the Company.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive and Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amounts would still be payable to Executive pursuant to Section 5 hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.

12. NOTICES. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in

writing, except that notices of change of address shall be effective only upon receipt.

13. GOVERNING LAW. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of North Carolina, without giving effect to the principles of conflict of laws of such State.

14. MISCELLANEOUS. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof, have been made by either party which is not set forth expressly in this Agreement.

15. VALIDITY. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

17. WITHHOLDING OF TAXES. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.

18. NONASSIGNABILITY. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 11 above. Without limiting the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and in the event of any attempted assignment or transfer contrary to this Section the Company shall have no liability to pay any amounts so attempted to be assigned or transferred.

19. LEGAL FEES AND EXPENSES. If a Change in Control shall have occurred, thereafter the Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by Executive to successfully (in whole or in part and

whether by modification of the Company's position, agreement, compromise, settlement, or administrative or judicial determination) enforce this Agreement or any provision hereof or as a result of the Company or any Shareholder of the Company contesting the validity or enforceability of this Agreement or any provision hereof. To secure the foregoing obligation, the Company shall, within

90 days after being requested by Executive to do so, enter into a contract with an insurance company, open a letter of credit or establish an escrow in a form satisfactory to Executive.

20. EMPLOYMENT RIGHTS. Nothing expressed or implied in this Agreement shall create any right or duty on Executive's part or on the part of the Company to have Executive remain in the employment of the Company prior to the commencement of the Period of Employment; provided, however, that any termination or purported termination of Executive's employment or of this Agreement, for any reason other than those set forth in Sections 6(a)(i), 6(a)(iii) or 6(a)(iv), following the commencement of any discussion with a third party, or the announcement by a third party of the commencement of, or the intention to commence a tender offer, or other intention to acquire all or a portion of the equity securities of the Company that ultimately results in a Change in Control shall (unless such termination is conclusively demonstrated to have been wholly unrelated to any such activity relating to a Change in Control) be deemed to be a termination of Executive's employment after a Change in Control for purposes of this Agreement and both the Period of Employment and the Payment Period shall be deemed to have begun on the day prior to such termination.

21. RIGHT OF SETOFF. There shall be no right of setoff or counterclaim against, or delay in, any payment by the Company to Executive or Executive's designated beneficiary or beneficiaries provided for in this Agreement in respect of any claim against Executive or any debt or obligation owed by Executive, whether arising hereunder or otherwise.

22. RIGHTS TO OTHER BENEFITS. The existence of the Agreement and Executive's rights hereunder shall be in addition to, and not in lieu of, Executive's rights under any other of the Company's compensation and benefit plans and programs, and under any other contract or agreement between Executive and the Company.

23. POOLING OF INTERESTS. In the event that the independent accountants of the Company shall determine that this Agreement or anything contained herein shall prevent the Company from consummating any business combination approved by the Board of Directors which combination is intended to be accounted for under the pooling of interests method of accounting ("Pooling"), then Participant agrees that this Agreement may at any time and in the sole discretion of the Board of Directors either be: a) amended in such fashion as may be requested by the Company so as to allow such business combination to be accounted for as a Pooling, or, if this Agreement cannot be so amended, or (b) terminated. Provided, however, that any such amendment shall: (x) be as limited in scope as is absolutely necessary in the opinion of the Company's advisors to allow the business combination to be accounted for as a Pooling; and (y) be designed to have as minimal an economic detriment to the Participant as is possible while still allowing the business combination to be accounted for as a Pooling.

[24. SUPERCEDED EMPLOYEE PROTECTION PLAN. If this Agreement is either (a) amended pursuant to Section 23, and if such amendment reduces the benefits to be received by the Executive or his Beneficiaries pursuant to any section of this Agreement in any way deemed material by the Executive, or (b) terminated

pursuant to Section 23, the Executive shall receive, in place of and not in addition to, the benefits under the Company's Employee Protection Plan ("EPP") or Employee Termination Protection Plan ("ETPP"), in effect at the time of such amendment or termination, notwithstanding any provision of the EPP or ETPP which would make the Executive ineligible to receive benefits under the EPP or ETPP.]

[The following Section 24 is included in the form of Management Continuity Agreement provided to those executives who had Management Continuity Agreements in place prior to October 1999:

24. SUPERCEDED AGREEMENT. Except as provided herein, the agreement between Executive and the Company originally dated _____, and thereafter amended from time to time, relating to the same subject matter as this Agreement (the "Original Agreement"), is hereby superceded in its entirety by this Agreement, shall be of no further force or effect as of the date of this Agreement and any rights that Executive may have under the Original Agreement which have accrued prior to the date hereof, to the extent not previously waived by the Executive, are hereby waived. If, however, this Agreement is either (a) amended pursuant to Section 23 above, and if such amendment reduces the benefits to be received by the Executive or his Beneficiaries pursuant to any section of this Agreement in any way deemed material by the Executive, or (b) terminated pursuant to Section 23 above, then the Original Agreement shall continue in full force and effect as if unmodified and not superceded and the Executive shall receive all the benefits of the Original Agreement accruing after the date hereof in accordance with its terms.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

THE BFGOODRICH COMPANY

By _____

EXECUTIVE

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EXHIBIT 1

A. If as of Executive's Date of Termination Executive's actual years of service plus the length of Executive's Payment Period is at least 10, then

1. If as of Executive's Date of termination Executive's age plus the length of Executive's Payment Period is at least 65, Executive's retirement benefit under section 5(e) will be calculated as a "normal retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participate had Executive accumulated continuous service equal to such

sum; and

2. If as of Executive's Date of Termination Executive's age plus the length of Executive's Payment Period is at least 55 but less than 65, Executive's retirement benefit under section 5(e) will be calculated as an "early retirement" benefit to which Executive would have been entitled under the terms of the retirement plan in which Executive participate had Executive accumulated continuous service equal to such sum. The actuarial reduction used shall be the actuarial reduction factor for early retirement, calculated to Executive's actual age plus the length of Executive's Payment Period at Executive's Date of Termination.

Furthermore, if Executive were on the active rolls of the Company as of December 31, 1989 and if the sum of Executive's actual years of service plus the length of Executive's Payment Period is at least 10 but less than 24, then for purposes of section 5(e) Executive will also receive an Additional Credit for up to 4 years. The Additional Credit Executive will receive will depend upon the sum of the years of Executive's actual service plus the length of Executive's Payment Period and be equal to the lesser of:

(x) 4 years of Additional Credit; or

(y) The amount of Additional Credit needed such that, when added to the sum of Executive's actual years of service plus the length of Executive's Payment Period, it will create a total of exactly 24.

No Additional Credit will be applied if the sum of Executive's actual years of service plus the length of Executive's Payment Period is 24 or greater. Executive will not receive any Additional Credit if Executive commenced employment with the Company on or after January 1, 1990.

B. If as of Executive's Date of Termination the sum of Executive's actual years of service plus the length of Executive's Payment Period is less than 10, or Executive's age plus the length of Executive's Payment Period is less than 55, Executive's retirement benefit under section 5(e) will be calculated as a "deferred vested pension" to which Executive would have been entitled under the terms of the retirement

plan in which Executive participate had Executive accumulated continuous service equal to such sum. The actuarial reduction used shall be the actuarial reduction factor for a deferred vested pension, calculated to Executive's actual age at Executive's Date of Termination plus the length of Executive's Payment Period.

For purposes of section 5(e), "actuarial equivalent" shall be determined using the same methods and assumptions as those utilized under the Company's retirement plans and programs immediately prior to the Change in Control.

BENEFICIARY DESIGNATION

NAME	PERCENTAGE INTEREST
- - - - -	
- - - - -	
- - - - -	
- - - - -	
- - - - -	
- - - - -	
- - - - -	
- - - - -	
TOTAL (cannot exceed 100%)	

SUMMARY PLAN DESCRIPTION

LONG-TERM INCENTIVE PLAN

THE BFGOODRICH COMPANY

MARCH, 1999

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SUMMARY PLAN DESCRIPTION

BFGOODRICH LONG-TERM INCENTIVE PLAN

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING
SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES
ACT OF 1933.

The Long-Term Incentive Plan is designed to provide long-term incentive compensation to key executives who are in positions to influence the performance of the Company, and thereby enhance shareholder value over time. The Plan provides a significant additional financial opportunity and complements other parts of the Company's total compensation program for executives (base salary, Management Incentive Program, stock options and benefits).

The following is a summary of the main provisions of the Long-Term Incentive Plan. The official and controlling provisions of the Plan are contained in the text of the Stock Option Plan and the Long-Term Incentive Plan. In case of any discrepancies, the Plan documents will govern. In this summary, BFGoodrich is referred to as the "Company", and the Long-Term Incentive Plan is referred to as the "LTIP" or the "Plan".

The benefits described in this summary have been structured to be in compliance with current tax law. Any change in legislation or the interpretation of tax laws which affect the tax nature of the benefits provided may necessitate revisions in the Plan.

The Company reserves the right to amend, modify, suspend or partially or completely terminate the Plan at any time.

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PLAN OVERVIEW

- - Participation in the LTIP will be approved by the Compensation Committee of the Board of Directors.
- - The LTIP will provide for annual grants of Performance Shares with three-year overlapping cycles. Every year, a separate three-year performance cycle will begin.
- - At the beginning of each three-year cycle, a grant of Performance Shares will be made to each participant. Grants will be credited as phantom Performance Shares in a book account for each participant. Each phantom Performance Share will be equivalent to one share of BFGoodrich common stock.
- - The Compensation Committee of the Board of Directors will establish a consolidated Company goal based on average ROE over each three-year cycle. All LTIP participants will be measured against the same ROE goal which will reflect consolidated Company results. No separate goals will be set for operating segment participants.
- - During the Plan cycle, dividend equivalents will be accrued on all phantom Performance Shares. Such dividend equivalents will be credited to each participant's account in the form of additional phantom Performance Shares at the same time and in the same amount as actual dividend payments on BFGoodrich common stock.
- - Participants will be entitled to a payout of shares at the end of each Plan cycle only if a threshold performance standard is met. The number of shares to be received free of further restrictions will range from 50% to 200% of the total phantom Performance Share account (including shares credited through dividend equivalents), based on attainment against goals set by the Committee.
- - Payments from the Plan, if any, at the end of the Plan cycle, will be made in actual shares of BFG common stock, less the number of shares to satisfy applicable withholding taxes.
- - Participants may elect to defer all or a portion of their award until termination of employment as described in the Performance Share Deferred Compensation Plan.

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- - The Compensation Committee of the Board of Directors retains the right in its sole discretion to reduce any award which would otherwise be payable, unless there has been a Change in Control, as defined in the Stock Option Plan. However, an Agreement and Plan of Merger with Coltec Industries Inc was made prior to the release of this grant. As it relates to this LTIP grant (but not to any prior grants), the approval of the merger shall not

constitute a change of control and the shares shall not become immediately payable.

PLAN PROVISIONS

ELIGIBILITY

Eligibility to participate in the LTIP will be determined by the Compensation Committee of the Board of Directors.

AWARD GRANTS

The LTIP rewards financial performance for three-year overlapping cycles. Every year, a separate three-year performance cycle will begin.

At the beginning of each three-year cycle, a grant of Performance Shares will be made to each participant. Grants will be credited as phantom Performance Shares in a book account for each participant. Each phantom Performance Share will be equivalent to one share of BFGoodrich common stock.

The Company will maintain a phantom Performance Share account for each participant for each separate three-year cycle. The account will be used solely for record keeping purposes. No actual BFGoodrich common shares will be registered in participants' names.

DIVIDENDS

Dividend equivalents will be accrued on all phantom Performance Shares in each participant's account for each Plan cycle. Such dividend equivalents will be credited to each participant's account in the form of additional phantom Performance Shares at the same time and in the same amount as actual dividend payments on BFGoodrich common stock.

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PERFORMANCE GOALS

The performance goal used to determine the number of Performance Shares earned by each participant at the end of each Plan cycle will be based on average return on equity (ROE) over each three-year cycle. The Compensation Committee of the Board of Directors will establish a consolidated Company goal for each three-year cycle. All LTIP participants will be measured against the same ROE goal which will reflect consolidated Company results.

PLAN PAYOUTS

Payments from the Plan, if any, at the end of the Plan cycle, will be made in actual shares of BFG common stock, less the number of shares to satisfy applicable withholding taxes.

At the end of each three-year cycle, if a participant is still employed by the Company, he or she will receive a payment from the Plan after the Compensation Committee determines the final payout based upon specific financial performance goals established for participants.

Participants will be entitled to a payout of shares at the end of each Plan cycle only if a threshold performance standard is met. If threshold performance is achieved, the number of shares to be received free of further restrictions will range from 50% to 200% of a participant's total phantom Performance Share account (including shares credited through dividend equivalents) for that Plan cycle, based on attainment against goals set by the Committee.

TERMINATION OF EMPLOYMENT DUE TO DEATH, DISABILITY, RETIREMENT

If a participant becomes totally disabled under the Company's Long-Term Disability Plan, or retires (or is deemed to retire) under the Company's Retirement Program for Salaried Employees during a Plan cycle, the participant will receive a pro rata payout at the end of the Plan cycle, based upon the time portion of the cycle during which he or she was employed. The actual payout will not occur until after the end of the three-year cycle, at which time the financial performance for the entire three-year cycle will be used to determine the size of the award in that event.

If a participant dies during a Plan cycle, the participant will receive a pro rata payout of the shares originally awarded to him or her, including a pro rata payout

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of dividends credited to the participant's account, based upon financial results calculated for the portion of the cycle through the end of the fiscal quarter following the participant's death.

OTHER TERMINATION OF EMPLOYMENT

If a participant terminates employment prior to the end of a Plan cycle for reasons other than death, disability or retirement, he or she will forfeit all Performance Shares, unless the Compensation Committee determines otherwise.

NEW HIRES OR PROMOTIONS INTO ELIGIBLE POSITIONS

Participants will become eligible for participation in the Plan at their new position level beginning with the Plan cycle which begins on the January 1 immediately following their hire or promotion date. No new Performance Share awards or adjustments to Performance Share awards for Plan cycles that commenced prior to a participant's hire or promotion date will be made.

CHANGE IN CONTROL

Generally, participants will not receive a payout under the Plan until the end

of a three-year Plan cycle. An exception will occur, however, if there is a Change in Control of the Company. A Change in Control is defined in the Stock Option Plan. The effect of a Change in Control on a participant's ability to receive Performance Shares is described in the Long-Term Incentive Plan. Generally, that Plan provides that, as of the date of the Change in Control, a participant will become entitled to a prorated portion of the shares originally awarded to him or her, based upon financial performance for the portion of the cycle which ends on the date of the Change in Control. A participant's entitlement to additional shares will be based upon financial performance for the portion of the three-year cycle which occurs after the Change in Control.

At the time the Compensation Committee made this grant, the Agreement and Plan of Merger dated as of November 22, 1998 among The B.F. Goodrich Company, Runway Acquisition Corporation and Coltec Industries Inc ("Coltec") had been executed, and provided that, subject to certain conditions, Coltec would become a wholly-owned subsidiary of the Company and the existing shareholders of Coltec would receive shares of Company stock which will constitute approximately one-third of the outstanding shares of the Company following the merger. Approval by the Company's shareholders of the issuance

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of the Company shares in connection with this transaction (the "Approval") would constitute a change in control under the Plan. It is agreed that for the purposes of this long-term incentive plan grant (but not for any prior grants), the Approval shall not constitute a change in control and the shares granted hereby shall not become immediately payable upon the Approval.

DEFERRAL OF PAYOUTS

Participants may elect to defer all or a portion of Performance Shares that may be earned and payable at the end of a Plan cycle as described in the Performance Share Deferred Compensation Plan. A deferral election must be made before the Plan cycle begins, using a form provided by the Company.

PLAN ADMINISTRATION

The Plan is administered by the Compensation Committee of the Board of Directors. The Committee has full power and authority to construe, interpret and administer the Plan. All decisions, actions or interpretations of the Committee shall be final, conclusive and binding on all parties.

The Committee retains the right in its sole discretion to reduce any award which would otherwise be payable, unless there has been a Change in Control.

The Committee reserves the right to amend, modify, suspend or partially or completely terminate the Plan, unless there has been a Change in Control.

TAX INFORMATION

Generally, participants are not taxed on Performance Shares until the date on

which they become entitled to a payout of their Performance Shares. Under current tax law, on the date participants become entitled to receive the shares following completion of a three-year performance cycle, the market value of the shares (net of any shares deferred) at that time is considered to be ordinary income and they will be taxed on that amount. If participants hold the shares and later sell them, any appreciation over the market value of the shares when they received them at the end of the three-year cycle will be taxed based on capital gains tax rules.

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EARNINGS FOR BENEFIT PURPOSES

Any income participants derive from Performance Share payouts will not be considered eligible earnings for Company or subsidiary pension plans, savings plans, profit sharing plans or any other benefit plans.

WITHHOLDING TAX INFORMATION

At the end of the three-year performance period, the number of actual BFGoodrich common shares participants will receive will be net of an amount of shares sufficient to satisfy any federal, state and local withholding tax requirements with which the Company must comply.

Participants should consult their tax advisor for a complete explanation of the tax impact of their participation in the Long-Term Incentive Plan.

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1999 - 2001 BFGOODRICH LONG-TERM INCENTIVE PLAN

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS
COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933.

Name:

AWARD GRANT

You have been granted the following Long-Term Incentive Plan shares for the three-year performance period 1999 through 2001:

_____ phantom Performance Shares

Grants are credited as phantom Performance Shares in a book account for you. Each phantom Performance Share will be equivalent to one share of BFGoodrich

common stock.

PLAN GOALS

The number of phantom Performance Shares you earn will depend on the three-year performance of the total Company, as measured against specific Return on Equity (ROE) targets. At the end of the three-year performance period, you will earn phantom Performance Shares based on the following schedule:

	Total Company Three-Year Average ROE	Percent Payout of Phantom Performance Share Account
	-----	-----
	Below 15.0%	0%
(Threshold)	15.0%	50%
(Target)	16.0%	100%
	17.0%	150%
(Maximum)	18.0% and above	200%

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(Note: If performance for the three-year period is between the percentage attainment levels listed on this chart, your Performance Share award will be prorated accordingly. For example, an average ROE of 16.3% will pay out Performance Shares equal to 115.0% of the phantom Performance Share Account.)

For assessing performance against 1999 - 2001 Long-Term Incentive Plan goals, the Compensation Committee will use ROE as reported to shareholders with the following adjustments:

- - Exclude the income and equity effect of extraordinary items, accounting principle changes and discontinued operations which are not included in the operating plan for 1999 (as such terms are defined under United States generally accepted accounting principles ("GAAP") as in effect from time to time). Accounting principle changes result from the adoption of GAAP different from GAAP at the start of the Plan year.
- - Exclude the income and equity effect of nonrecurring items which are not included in the operating plan for 1999. Nonrecurring items are material events or transactions that are unusual in nature or occur infrequently.

OTHER IMPORTANT INFORMATION

- - Grants will be credited as phantom Performance Shares in a book account for you. Each phantom Performance Share will be equivalent to one share of BFGoodrich common stock.
- - Dividend equivalents will be accrued on all phantom Performance Shares in your account during the Plan cycle. Such dividend equivalents will be credited to your account in the form of additional phantom Performance

Shares at the same time and in the same amount as actual dividend payments on BFGoodrich common stock.

- - You will not earn any phantom Performance Shares if the Company's average ROE during the 1999 - 2001 period is below 15.0% (threshold performance).
- - If threshold performance is achieved, the number of shares to be received free of further restrictions will range from 50% to 200% of your total phantom Performance Share account (including shares credited through dividend equivalents), based on attainment against goals set by the Compensation Committee.

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- - Payments from the Plan, if any, at the end of the Plan cycle, will be made in actual shares of BFG common stock, less the number of shares to satisfy applicable withholding taxes.
- - New phantom Performance Share grants and performance targets are expected to be established for another three-year Plan period beginning in 2000.
- - If you become totally disabled under the Company's Long-Term Disability Plan, or retire under the Company's Retirement Program for Salaried Employees during the Plan cycle, you will receive a pro rata payout at the end of the Plan cycle, based upon the time portion of the cycle during which you were employed. The actual payout will not occur until after the end of the three-year cycle, at which time the financial performance for the entire three-year cycle will be used to determine the size of the award in that event.
- - If you die during a Plan cycle, you will receive a pro rata payout of your account, based upon financial results calculated for the portion of the cycle through the end of the fiscal quarter following your death.
- - If you terminate employment prior to the end of the Plan cycle for reasons other than death, disability or retirement, you will forfeit all Performance Shares.
- - The Compensation Committee of the Board of Directors retains the right in its sole discretion to reduce any award which would otherwise be payable, unless there has been a Change in Control, as defined in the Stock Option Plan.
- - Any income you derive from a payout of Performance Shares will not be considered eligible earnings for Company or subsidiary pension plans, savings plans, profit sharing plans or other benefit plans.

FOR MORE INFORMATION

If you have questions about the Long-Term Incentive Plan or need additional information, contact Gary Habegger at (330) 659-7855.

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1999 FINANCIAL REVIEW

EXHIBIT 13

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MANAGEMENT'S DISCUSSION AND ANALYSIS

WE BELIEVE THIS MANAGEMENT'S DISCUSSION AND ANALYSIS CONTAINS FORWARD-LOOKING STATEMENTS. SEE THE LAST SECTION FOR CERTAIN RISKS AND UNCERTAINTIES.

RESULTS OF OPERATIONS

MERGER

On July 12, 1999, The BFGoodrich Company ("the Company" or "BFGoodrich") completed its merger with Coltec Industries Inc. The merger has been accounted for as a pooling-of-interests. Accordingly, all prior period consolidated

financial statements have been restated to include the results of operations, financial position and cash flows of Coltec as though Coltec had always been a part of BFGoodrich. As such, results for the three years ended December 31, 1999, 1998 and 1997 represent the combined results of BFGoodrich and Coltec (see Note A to the Consolidated Financial Statements).

As a result of the merger, Coltec became a wholly-owned subsidiary of the Company. In accordance with the terms of the merger, each share of Coltec common stock was converted into the right to receive 0.56 shares of BFGoodrich common stock, totaling 35.5 million shares of BFGoodrich common stock.

In addition, the Company issued options to purchase 3.0 million shares of BFGoodrich common stock in exchange for options to purchase Coltec common stock outstanding immediately prior to the merger. These options vest and become exercisable in accordance with the terms and conditions of the original Coltec options. Also, as a result of the merger, each 5 1/4% Convertible Preferred Security issued by Coltec Capital Trust became convertible into 0.955248 of a share of BFGoodrich common stock, subject to certain adjustments.

MERGER-RELATED AND CONSOLIDATION COSTS

(SEE NOTE D TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR ADDITIONAL DISCUSSION)

During 1999, the Company recorded merger related and consolidation costs of \$269.4 million before tax (\$196.4 million after-tax, or \$1.77 per share), of which \$12.3 million represents non-cash asset impairment charges. These costs related primarily to personnel related costs, transaction costs and consolidation costs. The merger related and consolidation reserves were reduced by \$218.2 million during the year, of which \$207.1 million represented cash payments.

During 1998, the Company recorded merger related and consolidation costs of \$10.5 million before tax (\$6.5 million after tax, or \$.06 per share), related to costs associated with the closure of three facilities and an asset impairment charge.

During 1997, the Company recorded merger-related and consolidation costs of \$77.0 million before tax (\$69.5 million after tax, or \$0.62 per diluted share) in connection with the Rohr merger. In addition to the \$77.0 million recorded as merger - related and consolidation costs, the Company also recorded \$28.0 million of debt extinguishment costs (\$16.7 million after tax, or \$0.15 per diluted share) related to the Rohr merger which were reported as an extraordinary item.

The Company has identified additional merger related and consolidation costs of approximately \$35 million that will be recorded throughout 2000. The timing of these costs is dependent on the finalization of management's plans. These charges consist primarily of costs associated with the consolidation of its landing gear facilities, the reorganization of operating facilities and for the relocation of personnel.

The Company expects to achieve costs savings of approximately \$60 million per year by 2002 related to the merger with Coltec.

SHARE REPURCHASE PROGRAM

On February 21, 2000, the Company's Board of Directors authorized the repurchase of up to \$300 million of the Company's common stock. Repurchases under the

program, which may not exceed 10 percent of the Company's issued shares of common stock, may be made from time to time in the open market or in negotiated transactions at price levels that the Company considers attractive. The program will be funded from the Company's operating cash flows and short term borrowings under existing credit lines.

2000 OUTLOOK

The Company expects the same market issues that have affected results during the second half of 1999 to continue in 2000 (see segment discussion below). These pressures, together with a further decline in commercial aircraft production, will most likely result in relatively flat financial performance in 2000 as compared to 1999. This outlook includes \$25 million in annual headquarters cost savings beginning in 2000 and significant operational savings through consolidation of businesses and facilities. The Company is also currently exploring ways to increase shareholder value, including the evaluation of various financial and strategic alternatives related to our portfolio of businesses.

TOTAL COMPANY

<TABLE>

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(DOLLARS IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
SALES:			
Aerospace.....	\$3,617.4	\$3,479.3	\$3,026.1
Engineered Industrial			
Products.....	702.4	779.9	757.1
Performance Material.....	1,217.7	1,195.6	904.7

Total.....	\$5,537.5	\$5,454.8	\$4,687.9
=====			

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1

<PAGE> 3

<TABLE>

<CAPTION>

(DOLLARS IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
OPERATING INCOME:			
Aerospace.....	\$ 558.7	\$ 500.0	\$ 325.8
Engineered Industrial			
Products.....	118.2	131.6	147.0
Performance Materials.....	150.4	145.8	128.2

Total Reportable Segments.....	827.3	777.4	601.0
Merger Related and Consolidation			
Costs.....	(269.4)	(10.5)	(77.0)
Corporate.....	(84.6)	(83.7)	(93.1)

Total.....	\$ 473.3	\$ 683.2	\$ 430.9
=====			

</TABLE>

Cost of sales was 71.4 percent of sales in 1999 compared with 71.8 percent in 1998 and 72.7 percent in 1997. The decrease in cost of sales as a percent of sales in 1999 as compared to 1998 was a result of the Company's efforts to improve productivity and to lower manufacturing and material costs. Margin improvement in the Aerospace Segment in 1998 was partially offset by a margin decline in the Engineered Industrial Products and Performance Materials Segments as compared to 1997. Cost of sales in 1997 was also negatively impacted by the MD-90 write-off as compared to 1998 levels (see detailed group discussions below).

Selling and administrative costs were 15.2 percent of sales in 1999, compared with 15.4 percent in 1998 and 16.5 percent in 1997. An increased focus on controlling and reducing costs in 1999 resulted in the decrease in selling and administrative costs between years despite level to declining sales at the Engineered Industrial Products and Performance Materials Segments. The decrease in 1998 as compared to 1997 was a result of additional long-term incentive compensation expense in 1997 that resulted from exceeding the Company's three year targets and achieving a maximum payout under the plan. (See detailed group discussions below).

Income from continuing operations included various charges or gains (referred to as special items) which affected reported earnings. Excluding the effects of special items, income from continuing operations in 1999 was \$361.7 million, or \$3.24 per diluted share, compared with \$327.6 million, or \$2.91 per diluted share in 1998, and \$261.1 million, or \$2.34 per diluted share in 1997. The following table presents the impact of special items on earnings per diluted share.

<TABLE>

<CAPTION>

(EARNINGS PER DILUTED SHARE)	1999	1998	1997

<S>	<C>	<C>	<C>
Income from continuing operations.....	\$1.53	\$3.19	\$1.75
Net (gain) on sold businesses.....	(.04)	(.34)	(.15)
Gain on issuance of subsidiary stock.....	--	--	(.07)
MD-90 write-off.....	--	--	.19
Merger-related and consolidation costs.....	1.77	.06	.62
Dilutive impact of convertible preferred securities.....	(.02)	--	--

Income from continuing operations, excluding special items.....	\$3.24	\$2.91	\$2.34
=====			

</TABLE>

Income from continuing operations for the year ended December 31, 1999 includes (i) \$162.2 million (\$1.47 per share) for costs associated with the Coltec merger and an additional charge of \$34.2 million (\$0.30 per share) related to segment restructuring activities; (ii) a net gain on the sale of businesses of \$4.3 million (\$0.04 per share); and (iii) the dilutive impact of convertible preferred securities that were anti-dilutive on an as reported basis of \$0.02 per share.

Income from continuing operations for the year ended December 31, 1998 includes \$6.5 million (\$0.06 per share) for costs associated with the Aerostructures Group's closure of three facilities and the impairment of a fourth facility and a \$38.5 million (\$0.34 per share) gain on the sale of Holley Performance Products.

Income from continuing operations for the year ended December 31, 1997 includes (i) merger costs of \$69.5 million (\$0.62 per share) in connection with the merger with Rohr, Inc., (ii) a net gain of \$8.0 million (\$0.07 per share) resulting from an initial public offering of common stock by the Company's subsidiary, DTM Corporation, (iii) a net gain of \$16.4 million (\$0.15 per share) from the sale of a business, and (iv) a charge of \$21.0 million (\$0.19 per share) related to the Aerostructures Group's production contract with IAE International Aero Engines AG to produce nacelles for McDonnell Douglas Corporation's MD-90 aircraft.

NET INTEREST EXPENSE Net interest expense increased by \$5.5 million in 1999, from \$128.0 million in 1998 to \$133.5 million in 1999. The increase in interest expense-net was due to increased average borrowings during 1999 as a result of the Coltec merger (\$3 million), reduced interest income (\$1 million) and a reduction in capital expenditures between periods that resulted in a reduction in capitalized interest (\$1 million). Net interest expense increased by \$12.1 million in 1998 as compared to 1997. The increase in interest expense-net in 1998 was due to increased indebtedness resulting from acquisitions during the latter part of 1997 and early portion of 1998, partially offset by savings that resulted from refinancing Rohr's higher cost debt in late 1997.

ISSUANCE OF SUBSIDIARY STOCK In May 1997, the Company's subsidiary, DTM Corporation, issued 2,852,191 shares of its authorized but previously unissued common stock in an initial public offering. The Company recognized a pretax gain of \$13.7 million (\$8.0 million after tax, or \$0.07 per diluted share) in accordance with the Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin 84.

In February 1999, the Company sold its remaining interest in DTM for approximately \$3.5 million. The Company's net investment in DTM approximated \$0.5 million at December 31, 1998. The gain was recorded within Other Income (Expense) during the first quarter of 1999.

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OTHER INCOME (EXPENSE) -- NET Excluding the impact of net gains (losses) on sale of businesses, other income (expense) net was expense of \$15.2 million, \$19.3 million and \$11.4 million in 1999, 1998 and 1997, respectively. The decrease in expense during 1999 was due primarily to gains related to the demutualization of certain insurance companies with which the Company does business. The increase in expense from 1997 to 1998 relates primarily to increased costs associated with the Company's executive life insurance program.

INCOME TAX EXPENSE The Company's effective tax rate was 43.8, 36.8 and 40.2 percent in 1999, 1998 and 1997. The increase in the Company's effective tax rate in 1999 as compared to 1998 was primarily attributable to the significant amount of non-deductible merger costs incurred during 1999 related to the Coltec merger.

DISCONTINUED OPERATIONS During the 1998 first quarter, the company recognized a \$1.6 million after-tax charge related to a business previously divested and reported as a discontinued operation. Discontinued operations during 1997 reflect a gain on the sale of Tremco Incorporated in February 1997 and the results of operations and gain on the sale of the chlor-alkali and olefins business in August 1997. For additional information see Note T to the Consolidated Financial Statements.

EXTRAORDINARY ITEMS The Company has recorded extraordinary items during 1998 and 1997, net of tax, related to the extinguishment of debt.

ACQUISITIONS

POOLING-OF-INTERESTS

COLTEC As noted above, on July 12, 1999, the Company completed its merger with Coltec. The merger has been accounted for as a pooling-of-interests. Accordingly, all prior period consolidated financial statements have been restated to include the results of operations, financial position and cash flows of Coltec as though Coltec had always been a part of BFGoodrich. As such, results for the three years ended December 31, 1999, 1998 and 1997 represent the combined results of BFGoodrich and Coltec.

ROHR On December 22, 1997, BFGoodrich completed a merger with Rohr, Inc. by exchanging 18.6 million shares of BFGoodrich common stock for all of the common stock of Rohr. Each share of Rohr common stock was exchanged for .7 of one share of BFGoodrich common stock. The merger was accounted for as a pooling-of-interests, and all prior period financial statements were restated to include the financial information of Rohr as though Rohr had always been a part of BFGoodrich. Prior to the merger, Rohr's fiscal year ended on July 31. For purposes of the combination, Rohr's financial results for its fiscal year ended July 31, 1997, were restated to the year ended December 31, 1997, to conform with BFGoodrich's calendar year end.

PURCHASES

The following acquisitions were recorded using the purchase method of accounting. Their results of operations have been included in the Company's results since their respective dates of acquisition.

During 1999, the Company acquired a manufacturer of spacecraft attitude determination and control systems and sensor and imaging instruments; the remaining 50 percent interest in a joint venture, located in Singapore, that overhauls and repairs thrust reversers, nacelles and nacelle components; an ejection seat business; a textile coatings business; and a manufacturer and developer of micro-electromechanical systems, which integrate electrical and mechanical components to form "smart" sensing and control devices. Total consideration aggregated \$76.1 million, of which \$69.4 million represented goodwill.

The purchase agreements for the manufacturer and developer of micro-electromechanical systems provides for additional consideration to be paid over the next six years based on a percentage of net sales. The additional consideration for the first five years, however, is guaranteed not to be less than \$3.5 million. As the \$3.5 million of additional consideration is not contingent on future events, it has been included in the purchase price and allocated to the net assets acquired. All additional contingent amounts payable

under the purchase agreement will be recorded as additional purchase price when earned and amortized over the remaining useful life of the goodwill.

During 1998, the Company acquired a global manufacturer of specialty and fine chemicals; a manufacturer of flexible graphite and polytetrafluoroethylene ("PTFE") products; a business that manufactures, machines and distributes PTFE products; and another business that reprocesses PTFE compounds. The Company also acquired a manufacturer of sealing products; a small manufacturer of textile chemicals used for fabric preparation and finishing; the remaining 20 percent not previously owned of a subsidiary that produces self-lubricating bearings; and a small manufacturer of energetic materials systems. Total consideration aggregated \$521.5 million, of which \$308.7 million represented goodwill.

During 1997, the Company acquired seven businesses for cash consideration of \$194.1 million in the aggregate, which included \$84.4 million of goodwill. One of the acquired businesses is a manufacturer of data acquisition systems for satellites and other aerospace applications. A second business manufactures diverse aerospace products for commercial and military applications. A third business is a manufacturer of dyes, chemical additives and durable press resins for the textiles industry. A fourth business manufactures thermoplastic polyurethane and is located in the United Kingdom. A fifth business manufactures flight attendant and cockpit seats and the sixth business is a sheet rubber and conveyer belt business. The remaining acquisition is a small specialty chemicals business.

The purchase agreement for the flight attendant and cockpit seat business includes contingent payments based on earnings levels

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for the years ended December 31, 1997-2000. These contingent payments will be recorded as additional purchase price consideration when made and will be amortized over the remaining life of the goodwill.

The impact of these acquisitions was not material in relation to the Company's results of operations. Consequently, pro forma information is not presented.

DISPOSITIONS

During 1999, the Company sold all or a portion of its interest in four businesses, resulting in a pre-tax gain of \$9.8 million, which has been reported in other income (expense) net.

In May 1998, the Company sold the capital stock of its Holley Performance Products subsidiary for \$100 million in cash. The sale resulted in a pre-tax gain of \$58.3 million, net of liabilities retained, which has been reported within other income (expense) net. The proceeds from this divestiture were applied toward reducing debt. In 1997, Holley had gross revenues and operating income of approximately \$99.0 million and \$8.0 million, respectively.

During 1997, the Company completed the sale of its Engine Electrical Systems Division, which was part of the Sensors and Integrated Systems Group in the Aerospace segment. The Company received cash proceeds of \$72.5 million which resulted in a pretax gain of \$26.4 million reported within other income (expense) net.

For dispositions accounted for as discontinued operations during 1998 and 1997 refer to Note T to the Consolidated Financial Statements.

BUSINESS SEGMENT PERFORMANCE

SEGMENT ANALYSIS

The Company's operations are classified into three reportable business segments: BFGoodrich Aerospace ("Aerospace"), BFGoodrich Engineered Industrial Products ("Engineered Industrial Products") and BFGoodrich Performance Materials ("Performance Materials"). Aerospace consists of four business groups: Aerostructures; Landing Systems; Sensors and Integrated Systems (as a result of the Coltec merger, this business group will be renamed Electronics and Engine Systems in 2000); and Maintenance, Repair and Overhaul ("MRO"). They serve commercial, military, regional, business and general aviation markets.

Engineered Industrial Products is a single business group. This group manufactures industrial seals; gaskets; packing products; self-lubricating bearings; diesel, gas and dual fuel engines; air compressors; spray nozzles and vacuum pumps.

Performance Materials consists of three business groups: Textile and Coatings Solutions; Polymer Additives and Specialty Plastics; and Consumer Specialties. These groups provide materials for a wide range of end use market applications including textiles, coatings, food & beverage, personal care, pharmaceuticals, graphic arts, industrial piping, plumbing and transportation.

Corporate includes general corporate administrative costs and certain undistributed research and development expenses. Beginning in 2000, such undistributed research and development expenses will be reported within segment operating income. Segment operating income is total segment revenue reduced by operating expenses directly identifiable with that business segment. Merger related and consolidation costs are presented separately and are discussed above (see further discussion under merger related and consolidation costs section and Note D to the accompanying Consolidated Financial Statements).

An expanded analysis of sales and operating income by business segment follows:

1999 COMPARED WITH 1998

AEROSPACE

<TABLE>
<CAPTION>

% of Sales (IN MILLIONS)			1999	1998
% CHANGE	1999	1998		

<S>			<C>	<C>
<C>	<C>	<C>		
SALES				
Aerostructures.....			\$1,139.1	\$1,144.2
(0.4)				
Landing Systems.....			1,032.9	963.2
7.2				

Sensors and Integrated Systems.....	938.4	911.3
3.0		
MRO.....	507.0	460.6
10.1		

--		
Total Sales.....	\$3,617.4	\$3,479.3
4.0		
=====		
OPERATING INCOME		
Aerostructures.....	\$ 191.5	\$ 189.1
1.3 16.8 16.5		
Landing Systems.....	157.7	117.9
33.8 15.3 12.2		
Sensors and Integrated Systems.....	174.4	170.3
2.4 18.6 18.7		
MRO.....	35.1	22.7
54.6 6.9 4.9		

--		
Total Operating Income.....	\$ 558.7	\$ 500.0
11.7 15.4 14.4		
=====		

</TABLE>

4
<PAGE> 6

MARKET OVERVIEW

The aerospace industry enjoyed another strong year of jet aircraft deliveries in 1999. Large commercial jet deliveries increased 15% and regional jet deliveries increased 39% over 1998 levels. Revenue passenger miles, a key metric measuring demand, increased in 1999 over 1998. World airline passenger traffic increased an estimated 5.4% and US domestic airline passenger traffic increased an estimated 4.3% in 1999. 1999 military spending remained relatively flat from 1998.

Approximately 36% of BFGoodrich Aerospace's 1999 sales were tied to the original equipment ("OE") commercial transport market, most specifically aircraft production which often leads aircraft delivery by as much as several quarters. Because of this lead time effect, BFGoodrich Aerospace commercial sales began to feel the impact in 1998 of the year to year delivery improvement noted above.

SEGMENT PERFORMANCE

Sales by BFGoodrich Aerospace increased by \$138.1 million, or 4.0 percent, from \$3,479.3 million in 1998 to \$3,617.4 million during 1999. The increase is primarily attributable to the PW4000 settlement, strong after-market demand for wheels and brakes as well as maintenance, repair and overhaul services and several small acquisitions.

Aerospace operating income increased \$58.7 million, or 11.7 percent, from \$500.0 million in 1998 to \$558.7 million during 1999. The higher sales volume noted above in combination with a better after-market sales mix and ongoing operational improvements positively impacted 1999 results.

AEROSTRUCTURES GROUP Sales during 1999 decreased \$5.1 million, or 0.4 percent, from \$1,144.2 million in 1998 to \$1,139.1 million in 1999. Higher production spares, after-market sales and the PW4000 settlement only partially offset lower OE sales.

Operating income increased \$2.4 million, or 1.3 percent, from \$189.1 million during 1998 to \$191.5 million in 1999. The increase is primarily attributable to higher after-market sales that generally carry a higher margin than OE sales, a gain resulting from an exchange of land and the settlement of the PW4000 claim, partially offset by higher manufacturing costs associated with the restructuring of several of the Group's facilities and the start-up of the Group's Arkadelphia facility.

LANDING SYSTEMS GROUP Sales during 1999 increased \$69.7 million, or 7.2 percent, from \$963.2 million in 1998 to \$1,032.9 million in 1999. The increase is attributable to higher after-market demand for wheels and brakes (\$34.7 million), improved penetration into the aircraft seating market (\$7.7 million) and a product line acquisition completed in late 1998 (\$26.8 million). Demand for commercial transport OE products such as landing gear and evacuation slides which are tied more closely to the OE production cycle, was largely flat year to year.

Operating income increased \$39.8 million, or 33.8 percent, from \$117.9 million in 1998 to \$157.7 million in 1999. An overall favorable sales mix, increased volume, acquisitions and operating efficiency improvements all contributed to the higher results.

SENSORS & INTEGRATED SYSTEMS GROUP Sales during 1999 increased \$27.1 million, or 3.0 percent, from \$911.3 million in 1998 to \$938.4 million in 1999. The increase resulted from higher unit volume sales of sensor, launch vehicle electronic, cockpit avionic, aircraft lighting, and gas turbine products, partially offset by lower sales of fuel control products.

Operating income increased \$4.1 million, or 2.4 percent, from \$170.3 million during 1998 to \$174.4 million in 1999. This increase reflects the impact of higher sales volumes and a favorable sales mix of higher margin after-market spares, partially offset by increased R&D spending on the development of new products for Health, Usage and Monitoring systems (HUMS).

MRO GROUP Sales during 1999 increased \$46.4 million, or 10.1 percent, from \$460.6 million in 1998 to \$507.0 million in 1999. The increase reflects higher demand for airframe, component and landing gear overhaul maintenance services (\$19 million) in addition to the acquisition of the remaining interest of a joint venture business in the Asia Pacific region (\$27 million).

Operating income increased by \$12.4 million, or 54.6 percent, from \$22.7 million in 1998 to \$35.1 million during 1999. The increase is principally due to the higher demand experienced in all of the MRO markets served by the Company, as well as the impact of the acquisition noted above and continued operational improvements.

MARKET OUTLOOK

Aerospace has built a diversified portfolio of businesses that does not correlate directly with the cyclical upturns and downturns of its airframe customers. The expected decline in Boeing commercial jet aircraft deliveries of over 22% in 2000 will negatively affect BFGoodrich's OE businesses, most notably

in the Segment's Aerostructures and Landing Systems Groups. The Company believes that Aerospace sales for 2000 will be consistent with sales levels achieved in 1999. Expected decreases in OE sales are anticipated to be offset by a higher content of aftermarket products, space and specialty products and by a significant increase in sales by the MRO services group.

ENGINEERED INDUSTRIAL PRODUCTS

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998	% CHANGE

<S>	<C>	<C>	<C>
Sales.....	\$702.4	\$779.9	(9.9)%
Operating Income.....	\$118.2	\$131.6	(10.2)%
Operating Income as a percent of			
Sales.....	16.8%	16.9%	

</TABLE>

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MARKET OVERVIEW

Several of the Segment's primary markets, including the chemical and petroleum process industries (including oil and gas drilling), industrial machinery & equipment (construction, mining and material handling), and the defense capital goods markets, experienced weakness throughout 1999. The majority of the Segment's business is in these areas of the domestic economy. Sales growth was noted in several of the Segment's secondary markets, including the heavy-duty vehicles, automotive and the semiconductor markets, though not at a level to offset the reduction in business in the Segment's primary markets.

SEGMENT PERFORMANCE

Sales decreased \$77.5 million, or 9.9 percent, from \$779.9 million in 1998 to \$702.4 million in 1999. The decrease in sales is primarily attributable to a 1998 disposition of a division (\$37 million) and reduced volume in most of the Segment's businesses (\$38 million), partially offset by favorable prices (\$3 million). As previously discussed, the reduced volume is attributable to weakness in most markets served by the Segment, especially in the businesses serving the domestic chemical and petroleum process industries, industrial machinery and equipment, and the defense capital goods markets. The Segment did experience growth in European sales in its sealing business following the 1998 acquisition of a French company (Cefilac). Further, the operations serving the automotive and heavy-duty vehicle markets experienced modest growth during 1999.

Operating income decreased by \$13.4 million, or 10.2 percent, from \$131.6 million in 1998 to \$118.2 million in 1999. Excluding the impact of a 1998 disposition (\$6 million) and non-recurring charges (\$13 million) during 1998, operating income decreased by approximately \$20 million. The non-recurring charges in 1998 related to Y2K costs and a warranty issue related to previously sold diesel engines. Overall, the decrease in operating income between periods was due to the market weakness noted above. Management was able to partially offset the decline in business with various initiatives designed to lower costs including facility consolidation, six sigma projects and the application of lean manufacturing initiatives.

MARKET OUTLOOK

The Engineered Industrial Products segment will continue to face market challenges in 2000. While the Segment anticipates some level of volume growth in the year 2000 in its primary markets, including the chemical and petroleum process markets, these will be partially offset by anticipated decreased demand in the defense capital goods market and heavy-duty vehicle markets. The Segment anticipates a continued focus on cost initiatives and facility consolidation during 2000.

PERFORMANCE MATERIALS

<TABLE>

<CAPTION>

% of Sales (IN MILLIONS)			1999	1998
% CHANGE	1999	1998		

<S>			<C>	<C>
<C>	<C>	<C>		
SALES				
Textile and Coatings Solutions.....			\$ 619.7	\$ 606.2
2.2				
Polymer Additives and Specialty Plastics.....			422.2	431.3
(2.1)				
Consumer Specialties.....			175.8	158.1
11.2				

Total Sales.....			\$ 1,217.7	\$1,195.6
1.8				
=====				
OPERATING INCOME				
Textile and Coatings Solutions.....			\$ 44.4	\$ 63.0
(29.5) 7.2 10.4				
Polymer Additives and Specialty Plastics.....			73.6	58.8
25.2 17.4 13.6				
Consumer Specialties.....			32.4	24.0
35.0 18.4 15.2				

Total Operating Income.....			\$ 150.4	\$ 145.8
3.2 12.4 12.2				
=====				
</TABLE>				

MARKET OVERVIEW

Performance Materials is a worldwide leader in water-based thickeners and high-performance polymers used in everything from toothpaste, food ingredients, shampoo, and time-release pharmaceutical products to plastics and coatings for wood, paper, and fabrics. Key markets served include consumer, textile, industrial, construction, transportation, and paper.

Volumes for many of the Segment's products were down during 1999 as recession-like conditions continued, perpetuating market stagnation,

consolidation, and intense competition. In addition, inexpensive imports and pockets of foreign economic weakness put significant pressure on pricing. Fortunately, the cost of many of the Segment's key raw materials was also lower as compared to 1998 costs, allowing for some recovery against the negative impact of reduced volumes and prices. The Segment's construction related products, however, were helped by a strong housing market in the US. The Segment also continued its aggressive focus on cost reduction and improved productivity to maintain its overall margins.

SEGMENT PERFORMANCE

Sales increased \$22.1 million, or 1.8 percent, from \$1,195.6 million in 1998 to \$1,217.7 million in 1999. Acquisitions

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(primarily Freedom Chemical, which was acquired in March of 1998) accounted for \$80 million of the sales increase, offset by \$58 million of unfavorable volume, price, and mix. Volumes for many of the Segment's products have been down due to a deterioration of end markets served by the Segment and increased competition and consolidation that has resulted. Inexpensive imports and certain areas of foreign economic weakness have put additional pressure on pricing, causing year-to-date prices to be down approximately 4 percent versus 1998.

Operating income increased by \$4.6 million, or 3.2 percent, from \$145.8 million in 1998 to \$150.4 million in 1999. The increase was attributable to acquisitions, reduced raw material costs, increased manufacturing productivity and overhead cost controls, which more than offset the income erosion from the price and volume declines mentioned above. Fluctuations in foreign exchange rates did not have a significant impact on the Segment.

TEXTILE AND COATINGS SOLUTIONS GROUP Sales increased by \$13.5 million, or 2.2 percent, from \$606.2 million in 1998 to \$619.7 million in 1999. The increase in sales was primarily related to acquisitions (\$60 million), partially offset by volume, price and mix declines (\$45 million).

Operating income decreased by \$18.6 million, or 29.5 percent, from \$63.0 million in 1998 to \$44.4 million in 1999. The decrease was due to the unfavorable volume and price declines noted above, particularly in regards to the textile markets served by the Group, partially offset by acquisitions.

POLYMER ADDITIVES AND SPECIALTY PLASTICS GROUP Sales decreased by \$9.1 million, or 2.1 percent, from \$431.3 million in 1998 to \$422.2 million in 1999. The decrease was caused primarily by price reductions (\$18 million), offset by favorable volume/mix (\$9 million). The price reductions impacted most of the Group's products, while the volume increase was driven primarily by the Group's TempRite high-heat resistant plastics plumbing products.

Operating income increased \$14.8 million, or 25.2 percent, from \$58.8 million in 1998 to \$73.6 million in 1999. The increase was primarily driven by higher demand in the Group's TempRite business, lower raw material costs, and effective overhead cost controls, partially offset by decreased volumes and prices for the Group's other products.

CONSUMER SPECIALTIES GROUP Sales increased \$17.7 million, or 11.2 percent, from \$158.1 million in 1998 to \$175.8 million in 1999. The increase in sales was

driven by the Freedom acquisition (\$20 million), partially offset by volume and price declines in some of the remaining businesses (\$2 million).

Operating income increased \$8.4 million, or 35.0 percent, from \$24.0 million in 1998 to \$32.4 million in 1999. The increase in operating income was attributable to the Freedom acquisition noted above, manufacturing efficiencies, overhead cost controls and a favorable settlement from a patent infringement lawsuit.

MARKET OUTLOOK

The Performance Materials Segment faces a challenging 2000. Most key indices suggest US industrial production will be flat, while housing starts and auto sales will be decreasing from 1999 levels. Many of the industries served by the segment are projecting flat to down years in 2000 limiting our volume expectations. In addition, our raw material costs have risen dramatically and at a much faster rate than we believe can be offset through selectively raising prices.

Continued strong productivity performance will be necessary to help fill the gap. Given the economic environment, emphasis in 2000 will be on: strategic top-line growth, improving efficiency by optimizing production assets, and re-evaluating any low margin product lines.

1998 COMPARED WITH 1997

AEROSPACE

<TABLE>

<CAPTION>

% of Sales (IN MILLIONS)			1998	1997
% CHANGE	1998	1997		

<S>				
<C>				
<C>				
<C>				
SALES				
Aerostructures.....			\$1,144.2	\$1,039.7
10.1				
Landing Systems.....			963.2	765.8
25.8				
Sensors and Integrated Systems.....			911.3	833.9
9.3				
MRO.....			460.6	386.7
19.1				

Total Sales.....			\$3,479.3	\$3,026.1
15.0				
=====				
OPERATING INCOME				
Aerostructures.....			\$ 189.1	\$ 102.6
84.3 16.5 9.9				
Landing Systems.....			117.9	90.3
30.6 12.2 11.8				
Sensors and Integrated Systems.....			170.3	133.9
27.2 18.7 16.1				

MRO.....				22.7	(1.0)
N/A	4.9	(0.3)			

Total Operating Income.....				\$ 500.0	\$ 325.8
53.5	14.4	10.8			
=====					
</TABLE>					

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AEROSTRUCTURES GROUP Aerostructures Group sales for 1998 of \$1,144.2 million were \$104.5 million, or 10.1 percent, higher than in 1997. Contributing to the increased sales were higher aftermarket spares sales and accelerated deliveries on many commercial programs, including the V-2500 (A319/320/321 aircraft) and the start up of production deliveries on the 737-700 program. These increases were partially offset by reduced deliveries on the A340 program.

The Aerostructures Group's 1998 operating income increased by \$86.5 million or 84.3 percent, from \$102.6 million in 1997 to \$189.1 million in 1998. Operating income of \$102.6 million in 1997 was adversely impacted by a \$35.2 million pretax charge on the MD-90 contract. Excluding this special item, operating income increased in 1998 by \$51.3 million, or 37 percent, primarily as a result of increased sales volume and by the proportionately higher ratio of aftermarket spares sales to production sales. Aftermarket spare sales generally carry a higher margin than production sales.

LANDING SYSTEMS GROUP Sales in the Landing Systems Group increased \$197.4 million, or 25.8 percent, from \$765.8 million in 1997 to \$963.2 million in 1998. Sales growth reflected higher original-equipment demand for landing gear and evacuation products, as well as stronger than expected aftermarket demand for aircraft wheels and brakes. Principal landing gear programs were the B767 and B737. Landing gear sales volumes also reflected the establishment of a facility in Seattle to provide fully dressed landing gears to Boeing on the B747-400 program. Commercial wheel and brake demand was strongest on the A320, B737, and B747 programs. Evacuation product sales increased on the B747-400 and A330/A340 programs. The AMI acquisition in June 1997 resulted in approximately \$24 million of additional revenue in 1998 as well. The evacuation systems business also completed in October 1998 the acquisition of Universal Propulsion Company ("UPCo") which is expected to enhance the business's safety systems offerings through its direct thermal inflation technology. UPCo manufactures energetic materials systems used to activate ejection seats, airplane evacuation slides and related products.

Operating income in the Landing Systems Group increased \$27.6 million, or 30.6 percent, from \$90.3 million in 1997 to \$117.9 million in 1998. Higher sales, a favorable product mix, the AMI acquisition and favorable fluctuations in foreign exchange rates associated with our Canadian operations benefited the Group's operating income in 1998. These increases were partially offset by higher wheel and brake strategic sales incentives, principally for the B777, B737, and Airbus programs; higher product development costs, offset in part by cost reduction initiatives in operations; and increased landing gear manufacturing costs associated with the increase in production to match original-equipment manufacturers' build rates.

SENSORS AND INTEGRATED SYSTEMS GROUP Sensors and Integrated Systems Group sales increased \$77.4 million, or 9.3 percent, from \$833.9 million in 1997 to \$911.3

million in 1998. This group serves the large commercial transport; regional, business and general aviation; military; and space markets. All four of these markets experienced increased sales during the year.

Demand for sensor and avionics products was particularly strong. Increased sales of sensor products were driven by rate increases on major Boeing programs, retrofit of competitors' products on Airbus programs and the application of products to new regional and business programs such as Embraer 145, Gulfstream V, and Bombardier Global Express. The higher sales of avionics products was fueled by greater than anticipated acceptance of a new, low cost collision avoidance product -- SkyWatch(R) -- and strong associated sales of the Company's StormScope(R) line of lightning detectors.

Expansion of the Company's ice protection product line, including new specialty heated products, also contributed to the results. The Group's sales performance was further enhanced by higher demand for satellite products (acquired in the March 1997 purchase of Gulton Data Systems) driven by expansion of our capabilities and product offerings and by increased demand for aircraft engine components.

The Group's operating income increased \$36.4 million, or 27.2 percent, from \$133.9 million in 1997 to \$170.3 million in 1998. The increase reflects the higher sales volumes, the impact of productivity initiatives, a favorable sales mix, and new products introduced during the year.

MAINTENANCE, REPAIR AND OVERHAUL (MRO) GROUP The MRO Group's sales increased \$73.9 million, or 19.1 percent, from \$386.7 million in 1997 to \$460.6 million in 1998. During 1998, the MRO Group achieved higher sales volumes compared with 1997, successfully replacing the sales which were lost after the bankruptcy (in early 1998) of Western Pacific Airlines and the termination of an America West Airlines maintenance contract. New business included long-term service contracts with, in addition to others, Qantas, Continental, Northwest, United, and Virgin Atlantic Airlines. Sales improved due to higher volumes in the airframe and component services businesses. The performance of the component services business reflects strong demand for wheels and brakes and nacelles services. New business assisting Boeing in paint and other component services also contributed to the improved results.

Operating income increased \$23.7 million, from \$(1.0) million in 1997 to \$22.7 million in 1998. Excluding a \$11.8 million bad debt charge recognized in 1997 due to the bankruptcy of Western Pacific Airlines, operating income increased by \$11.9 million. The increased operating income in 1998 was attributable to improved operating efficiencies in the component services business and the introduction of new higher-margin specialized services. The Group also benefited from substantially reduced turnover of the certified airframe and powerplant mechanics work force in the airframe business, compared with the prior two years.

Although the Group's operating income margin increased during 1998 compared with 1997 (4.9 percent versus 3.0 percent -- excluding the 1997 bad debt charge), several factors constrained the growth of operating income and margins in 1998. First, the Group's landing gear services business in Miami completed the

construction of a new world-class service facility (also in the Miami area) in

mid 1998. Much of the second half of 1998 was spent transitioning operations from the old facility to the new one, during which time duplicate facility costs and production inefficiencies were incurred. This business also incurred significant charges to resolve several customer billing disputes, largely from the prior year. Second, start-up costs were incurred by the Group's airframe business in connection with a new major customer, resulting from servicing aircraft new to the business. Finally, the airframe business commenced in 1998 the development of a major new business system, the implementation of which is expected to be completed by mid 1999. As a result, the business increased inventory valuation reserves and expensed development-related costs. Excluding the impact of the above charges, operating income margins in 1998 would have been slightly above 6 percent rather than 4.9 percent.

ENGINEERED INDUSTRIAL PRODUCTS

<TABLE>

<CAPTION>

(IN MILLIONS)	1998	1997	% CHANGE

<S>	<C>	<C>	<C>
Sales.....	\$779.9	\$757.1	3.0
Operating Income.....	131.6	147.0	(10.5)
Operating Income as Percent of			
Sales.....	16.9%	19.4%	

</TABLE>

Sales increased \$22.8 million, or 3.0 percent, from \$757.1 million in 1997 to \$779.9 million in 1998. Acquisitions accounted for a \$66.0 million increase in sales between periods, while dispositions reduced sales by \$62.0 million. The resulting net increase in sales between periods was due to increased volumes of compressors, heavy duty wheel-end systems and diesel/gas engines. Continued economic weakness in Asia and South America and slower growth in key markets, including pulp and paper, chemical, refining and steel, adversely affected sales growth.

Operating income decreased \$15.4 million, or 10.5 percent, from \$147.0 million in 1997 to \$131.6 million in 1998. The decrease was primarily attributable to the divestitures noted above as well as additional warranty and legal reserves (\$12.0 million) that were recorded in 1998.

PERFORMANCE MATERIALS

<TABLE>

<CAPTION>

Comparable	% of Sales	(IN MILLIONS)		1998	1997	%
Change	% Change	1998	1997			

<S>				<C>	<C>	
<C>	<C>	<C>	<C>			

SALES						
Textile and Coatings Solutions.....				\$ 606.2	\$401.2	
51.1	(0.4)					
Polymer Additives and Specialty Plastics.....				431.3	420.9	
2.5	1.3					

Consumer Specialties.....	158.1	82.6
91.4 6.2		

Total.....	\$1,195.6	\$904.7
32.2 1.0		
=====		
OPERATING INCOME		
Textile and Coatings Solutions.....	\$ 63.0	\$ 48.6
29.6 8.0 10.4 12.1		
Polymer Additives and Specialty Plastics.....	58.8	57.3
2.6 1.6 13.6 13.6		
Consumer Specialties.....	24.0	22.3
7.6 5.8 15.2 27.0		

Total.....	\$ 145.8	\$128.2
13.7 4.8 12.2 14.2		
=====		
</TABLE>		

The following discussion and analysis of fluctuations in sales and operating income for the Performance Materials Segment excludes the impact of acquisitions (see Comparable % Change column).

TEXTILE AND COATINGS SOLUTIONS GROUP Sales in the Textile and Coatings Solutions group decreased 0.4 percent from the prior year. The decrease resulted from volume shortfalls in the Company's textile markets offset by increased volumes in the Group's industrial specialty products and increased sales prices in the Group's coatings products. Domestic textile mills demand has been lower due to an increase in imports and a general slowdown in the apparel markets. In addition, the export of fabrics to Asian and European countries slowed in 1998. The Russian currency crisis and the European Union furniture fabric tariffs all had negative revenue effects on this Group.

Operating income for the Textile and Coatings Solutions Group increased by \$3.9 million, or 8 percent, in 1998 despite the slight reduction in sales due to reduced raw material pricing and other manufacturing cost efficiencies.

POLYMER ADDITIVES AND SPECIALTY PLASTICS GROUP Sales in the Polymer Additives and Specialty Plastics Group increased \$5.5 million, or 1.3 percent, over the prior year. Sales volumes increased in the Group's Estane(R) thermoplastic polyurethanes (TPU) driven by strength in static control polymers and European TPU demand and Telene(R) DCPD monomer markets but decreased in the Group's TempRite(R) high heat resistant plastics due to weakness in middle east markets as well as increased competition from other materials. Sales prices remained relatively stable with the exception of some Polymer Additives' products used for the rubber and polymer industries

and Estane(R) TPU, where two competitors commissioned new U.S. production facilities in 1998.

Operating income increased slightly over the prior year mostly as a result of increased volume and favorable raw material pricing.

CONSUMER SPECIALTIES GROUP The \$5.1 million, or 6.2 percent, increase in sales

in the Consumer Specialties Group was driven by increased volumes in the Group's pharmaceutical and personal care products. Sales prices generally increased in all of the Group's product lines.

The 5.8 percent increase in operating income was mainly attributable to a favorable sales mix and higher volumes.

SHORT-TERM DEBT

During 1999, the Company increased its committed domestic revolving credit agreements from \$300.0 million to \$600.0 million. These loan agreements are with various domestic banks. Lines of credit totaling \$300.0 million were amended in 1999 to extend the expiration date to the year 2004. The \$300.0 million of lines of credit added in 1999 are 364-day agreements that expire in March 2000. The Company intends to renew the 364-day agreements on an annual basis and does not anticipate any problems therein. At December 31, 1999, and throughout the year, these facilities were not in use. In addition, the Company had available formal foreign lines of credit and overdraft facilities, including the committed multi-currency revolver, of \$236.5 million at December 31, 1999, of which \$84.3 million was available.

During 1999, the Company increased the committed multi-currency revolving credit facility from \$75.0 million to \$125.0 million. The loan agreements are with various international banks and expire in the year 2003. The Company intends to use this facility for short- and long-term local currency financing to support European operations growth. At December 31, 1999, the Company had borrowed \$103.6 million (\$80.5 million on a short-term basis and \$23.1 million on a long-term basis) denominated in various currencies at floating rates. The Company has effectively converted the \$23.1 million long-term debt portion into fixed-rate debt with an interest rate swap.

The Company also maintains \$367.5 million of uncommitted domestic money market facilities with various banks to meet its short-term borrowing requirements. As of December 31, 1999, \$266.3 million of these facilities were unused and available. The Company's uncommitted credit facilities are provided by a small number of commercial banks that also provide the Company with all of its domestic committed lines of credit and the majority of its cash management, trust and investment management requirements. As a result of these established relationships, the Company believes that its uncommitted facilities are a highly reliable and cost-effective source of liquidity.

LONG-TERM DEBT

During 1999, the Company issued \$200.0 million of 6.6 percent senior notes due in 2009. A previously existing revolving credit facility, which had provided a commitment of up to \$600 million, was terminated subsequent to the consummation of the merger with Coltec.

The Company believes that its credit facilities are sufficient to meet long-term capital requirements, including normal maturities of long-term debt.

At December 31, 1999, the Company's debt-to-capitalization ratio was 52.8 percent. For purposes of this ratio, the TIDES and QUIPS (see Note R to the Consolidated Financial Statements) are treated as capital.

EBITDA

EBITDA is income from continuing operations before distributions on preferred securities of trusts, income tax expense, net interest expense, depreciation and amortization and special items. EBITDA for the Company is summarized as follows:

<TABLE>

<CAPTION>

	1999	1998	1997

<S>	<C>	<C>	<C>
Income from continuing operations before taxes and distributions of trusts.....	\$334.5	\$594.2	\$343.7
Add:			
Net interest expense.....	133.5	128.0	115.9
Depreciation and amortization.....	230.6	210.2	169.1
Special items.....	262.8	(47.7)	72.1

EBITDA.....	\$961.4	\$884.7	\$700.8
=====			

</TABLE>

OPERATING CASH FLOWS

Operating cash flows decreased \$126.5 million from \$499.1 million in 1998 to \$372.6 million in 1999. The decrease between periods was primarily due to merger related and consolidation expenses paid during each of the years -- \$207.1 million in 1999 and \$68.6 million in 1998. The 1998 expenses related to the Rohr merger that was consummated in December 1997.

INVESTING CASH FLOWS

The Company used \$285.8 million of cash in 1999 related to investing activities, primarily in the acquisition of various businesses and purchases of property. In 1998, investing activities used cash of \$679.3 million, also primarily in the acquisition of various businesses and purchases of property. The Company expects to acquire additional businesses as circumstances warrant and as opportunities arise.

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FINANCING CASH FLOWS

Financing activities used \$72.2 million in cash in 1999, as compared to providing \$171.6 million in cash in 1998. Excess operating cash flows in 1999 were used to assist with the payment of dividends and distributions on trust preferred securities. The Company increased its borrowings in 1998 to finance the acquisitions discussed above. The Company also spent approximately \$40 million to terminate a receivables sales program in 1998.

Cash flow from operations has been more than adequate to finance capital expenditures in each of the past three years. The Company expects to have sufficient cash flow from operations to finance planned capital spending for 2000.

On February 21, 2000, the Company's Board of Directors authorized the repurchase of up to \$300 million of the Company's common stock. The program will be funded

from the Company's operating cash flows and short term borrowings under existing credit lines.

CONTINGENCIES

GENERAL

There are pending or threatened against BFGoodrich or its subsidiaries various claims, lawsuits and administrative proceedings, all arising from the ordinary course of business with respect to commercial, product liability, asbestos and environmental matters, which seek remedies or damages. BFGoodrich believes that any liability that may finally be determined with respect to commercial and product liability claims should not have a material effect on the Company's consolidated financial position or results of operations. From time to time, the Company is also involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

At December 31, 1999, approximately 20 percent of the Company's labor force was covered by collective bargaining agreements. Approximately 10 percent of the labor force is covered by collective bargaining agreements that will expire during 2000.

ENVIRONMENTAL

The Company and its subsidiaries are generators of both hazardous wastes and non-hazardous wastes, the treatment, storage, transportation and disposal of which are subject to various laws and governmental regulations. Although past operations were in substantial compliance with the then-applicable regulations, the Company has been designated as a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency ("EPA"), or similar state agencies, in connection with several sites.

The Company initiates corrective and/or preventive environmental projects of its own to ensure safe and lawful activities at its current operations. It also conducts a compliance and management systems audit program. The Company believes that compliance with current governmental regulations will not have a material adverse effect on its capital expenditures, earnings or competitive position.

The Company's environmental engineers and consultants review and monitor environmental issues at past and existing operating sites, as well as off-site disposal sites at which the Company has been identified as a PRP. This process includes investigation and remedial selection and implementation, as well as negotiations with other PRPs and governmental agencies.

At December 31, 1999 and 1998, the Company had recorded in Accrued Expenses and in Other Non-current Liabilities a total of \$125.5 million and \$129.7 million, respectively, to cover future environmental expenditures. These amounts are recorded on an undiscounted basis.

The Company believes that its reserves are adequate based on currently available information. Management believes that it is reasonably possible that additional costs may be incurred beyond the amounts accrued as a result of new information. However, the amounts, if any, cannot be estimated and management believes that they would not be material to the Company's financial condition but could be material to the Company's results of operations in a given period.

ASBESTOS

As of December 31, 1999 and 1998, two subsidiaries of the Company were among a number of defendants (typically 15 to 40) in approximately 96,000 and 101,400 actions (including approximately 8,300 and 4,700 actions, respectively in advanced stages of processing) filed in various states by plaintiffs alleging injury or death as a result of exposure to asbestos fibers. During 1999, 1998 and 1997, these two subsidiaries of the Company received approximately 30,200, 34,400 and 38,200 new actions, respectively. Through December 31, 1999, approximately 280,400 of the approximately 376,400 total actions brought had been settled or otherwise disposed.

Payments were made by the Company with respect to asbestos liability and related costs aggregating \$84.5 million in 1999, \$53.7 million in 1998, and \$59.2 million in 1997, respectively, substantially all of which were covered by insurance. Settlements are generally made on a group basis with payments made to individual claimants over periods of one to four years. Related to payments not covered by insurance, the Company recorded charges to operations amounting to approximately \$8.0 million in each of 1999, 1998 and 1997.

In accordance with the Company's internal procedures for the processing of asbestos product liability actions and due to the proximity to trial or settlement, certain outstanding actions have progressed to a stage where the Company can reasonably estimate the cost to dispose of these actions. As of December 31, 1999, the Company estimates that the aggregate remaining cost of the disposition of the settled actions for which payments remain to be made and actions in advanced stages of processing, including associated legal costs, is approximately \$163.1 million and the Company expects that this cost will be substantially covered by insurance.

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With respect to the 87,700 outstanding actions as of December 31, 1999, which are in preliminary procedural stages, as well as any actions that may be filed in the future, the Company lacks sufficient information upon which judgments can be made as to the validity or ultimate disposition of such actions, thereby making it difficult to estimate with reasonable certainty what, if any, potential liability or costs may be incurred by the Company. However, the Company believes that its subsidiaries are in a favorable position compared to many other defendants because, among other things, the asbestos fibers in its asbestos-containing products were encapsulated. Subsidiaries of the Company continue to distribute encapsulated asbestos-bearing product in the United States with annual sales of less than \$1.5 million. All sales are accompanied by appropriate warnings. The end users of such product are sophisticated users who utilize the product for critical applications where no known substitutes exist or have been approved.

Insurance coverage of a small non-operating subsidiary formerly distributing asbestos-bearing products is nearly depleted. Considering the foregoing, as well as the experience of the Company's subsidiaries and other defendants in asbestos litigation, the likely sharing of judgments among multiple responsible defendants, and given the substantial amount of insurance coverage that the Company expects to be available from its solvent carriers to cover the majority of its exposure, the Company believes that pending and reasonably anticipated future actions are not likely to have a materially adverse effect on the Company's consolidated results of operations or financial condition, but could

be material to the Company's results of operations in a given period. Although the insurance coverage which the Company has is substantial, it should be noted that insurance coverage for asbestos claims is not available to cover exposures initially occurring on and after July 1, 1984. The Company's subsidiaries continue to be named as defendants in new cases, some of which allege initial exposure after July 1, 1984.

The Company has recorded an accrual for its liabilities for asbestos-related matters that are deemed probable and can be reasonably estimated (settled actions and actions in advanced stages of processing), and has separately recorded an asset equal to the amount of such liabilities that is expected to be recovered by insurance. In addition, the Company has recorded a receivable for that portion of payments previously made for asbestos product liability actions and related litigation costs that is recoverable from its insurance carriers. Liabilities for asbestos-related matters and the receivable from insurance carriers included in the Consolidated Balance Sheets are as follows:

<TABLE>

<CAPTION>

(DOLLARS IN MILLIONS)	DECEMBER 31, 1999	December 31, 1998

<S>	<C>	<C>
Accounts and notes receivable...	\$ 146.9	\$ 95.4
Other assets.....	36.7	32.6
Accrued expenses.....	134.6	89.7
Other liabilities.....	28.5	22.8

</TABLE>

CERTAIN AEROSPACE CONTRACTS

The Company's Aerostructures Group has a contract with Boeing on the 717-200 program that is subject to certain risks and uncertainties. The Company has pre-production inventory of \$84.9 million related to design and development costs on the 717-200 program through December 31, 1999. In addition, the Company has excess-over-average inventory of \$53.9 million related to costs associated with the production of the flight test inventory and the first production units on this program. The aircraft was certified by the FAA on September 1, 1999, and Boeing is actively marketing the plane. Recovery of these costs will depend on the ultimate number of aircraft delivered and successfully achieving the Company's cost projections in future years.

The Company's Aerostructures Group has also entered the market for re-engining 727 aircraft. The purpose of this endeavor is to assist the operators of these aircraft meet new sound attenuation requirements along with improving fuel efficiency. Many of the airplanes in this market are operated in emerging market countries. The Aerostructures Group has entered into several collateralized financing arrangements to assist its customers.

YEAR 2000 COMPUTER COSTS

The Company did not experience any significant malfunctions or errors in its operating or business systems when the date changed from 1999 to 2000. Based on operations since January 1, 2000, the Company does not expect any significant impact to its ongoing business as a result of the Y2K issue. The Company is not aware of any significant Y2K issues or problems that may have arisen for its significant customers and suppliers.

The Company expended approximately \$114 million through December 31, 1999, on its Y2K readiness efforts. These efforts included replacing outdated, noncompliant hardware and software as well as remediating other Y2K problems.

TRANSITION TO THE EURO

Although the Euro was successfully introduced on January 1, 1999, the legacy currencies of those countries participating will continue to be used as legal tender through January 1, 2002. Thereafter, the legacy currencies will be canceled and Euro bills and coins will be used in the eleven participating countries.

Transition to the Euro creates a number of issues for the Company. Business issues that must be addressed include product pricing policies and ensuring the continuity of business and financial contracts. Finance and accounting issues include the conversion of bank accounts and other treasury and cash management activities.

The Company continues to address these transition issues and does not expect the transition to the Euro to have a material effect on the results of operations or financial condition of the Company. Actions taken to date include the ability to quote its

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prices; invoice when requested by the customer; and issue pay checks to its employees on a dual currency basis. The Company has not yet set conversion dates for its accounting systems, statutory reporting and tax books, but will do so in early 2000. The financial institutions in which the Company has relationships have transitioned to the Euro successfully and are issuing statements in dual currencies.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", which, as amended by FASB Statement No. 137, is required to be adopted in years beginning after June 15, 2000. The Statement permits early adoptions as of the beginning of any fiscal quarter after its issuance. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

The Company has not yet determined what the effect of Statement No. 133 will be on its earnings and financial position. However, the Statement could increase volatility in earnings and comprehensive income.

In September 1999, the EITF reached a consensus on Issue 99-5, "Accounting for Pre-Production Costs Related to Long-Term Supply Arrangements." The consensus requires design and development costs for products to be sold under long-term

supply arrangements incurred subsequent to December 31, 1999, to be expensed as incurred unless contractually recoverable. The consensus did not have an impact on the Company's results or financial position.

FORWARD-LOOKING INFORMATION IS SUBJECT TO RISK AND UNCERTAINTY

This document includes statements that reflect projections or expectations of our future financial condition, results of operations or business that are subject to risk and uncertainty. We believe such statements to be "forward looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. BFGoodrich's actual results may differ materially from those included in the forward-looking statements. Forward-looking statements are typically identified by words or phrases such as "believe", "expect", "anticipate", "intend", "estimate", "are likely to be" and similar expressions.

Factors that could cause actual results of our Aerospace segment to differ materially from those discussed in the forward-looking statements include, but are not limited to, the following:

- - The worldwide civil aviation market could be adversely affected if customers cancel or delay current orders or original-equipment manufacturers reduce the rate they build or expect to build products for such customers. Such cancellations, delays or reductions may occur if there is a substantial change in the health of the airline industry or in the general economy, or if a customer were to experience financial or operational difficulties. There have been weak new aircraft orders and actual cancellation of orders from Asian carriers due to the Asian financial crisis. There are financial difficulties in Russia and Latin America as well. If these developments should continue or accelerate, it could have an adverse effect upon the Company.
- - If the decline in future new aircraft build rates is greater than anticipated, there could be a material adverse impact on the Company. Even if orders remain strong, original-equipment manufacturers could reduce the rate at which they build aircraft due to inability to obtain adequate parts from suppliers and/or because of productivity problems relating to a recent rapid build-up of the labor force to increase the build rate of new aircraft. Boeing announced a temporary cessation of production in the fall of 1997 for these reasons.
- - A change in levels of defense spending could curtail or enhance prospects in the Company's military business.
- - If the trend towards increased outsourcing or reduced number of suppliers in the airline industry changes, it could affect the Company's business.
- - If the Boeing 717 program is not as successful as anticipated or if the Company does not successfully achieve its cost projections in future years, it could adversely affect the Company's business.
- - If the Company is unable to continue to acquire and develop new systems and improvements, it could affect future growth rates.
- - In the immediate past there has been a higher-than-normal historical turnover rate of technicians in the MRO business due to hiring by Boeing and the airlines, although recently the turnover rate has been returning closer to historical levels. If this trend were again to reverse, it could have an adverse effect on the Company.

- - If the Company does not experience continued growth in demand for its higher-margin aftermarket aerospace products or is unable to continue to achieve improved operating margins in its MRO business, it could have an adverse effect on operating results. Such events could be exacerbated if there is a substantial change in the health of the airline industry, or in the general economy, or if a customer were to experience major financial difficulties. Various industry estimates of future growth of revenue passenger miles, new

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original equipment deliveries and estimates of future deliveries of regional, business, general aviation and military orders may prove optimistic, which could have an adverse affect on operations.

Factors that could cause actual results of our Engineered Industrial Products segment to differ materially from those discussed in the forward-looking statements include, but are not limited to, the following:

- - If maintenance schedules are reduced or delayed in the segment's key customer base, including the petrochemical industry in the US, then results could be adversely impacted. A significant decline in the price of oil would also negatively impact the results of the segment.
- - The segment could be adversely impacted if capital spending for products used in the manufacture of industrial products in the US declines.
- - If decreases in Federal funding cause orders for large engines to decline or be delayed, then the results of segment could be adversely impacted.
- - The results could be adversely impacted if orders in the automotive/heavy-duty truck market decline.

Factors that could cause actual results of our Performance Materials segment to differ materially from those discussed in the forward-looking statements include, but are not limited to, the following:

- - Expected sales increases in the Far East and Latin America could be adversely impacted by recent turmoil in financial markets in those regions.
- - If volume does not increase or cost reduction benefits do not materialize, the results of the Performance Materials Segment could be adversely affected.
- - If raw material costs increase beyond the Company's expectations the results of the Performance Materials Segment could be affected.
- - If cost benefits from continued integration of recent acquisitions and realignment activities do not occur as expected, results could be adversely impacted.
- - Revenue growth in various businesses may not materialize as expected.
- - The segment may not be able to achieve the \$15 million in annualized savings in 2000 from the 1999 realignment of the Performance Materials organization.

Factors that could cause actual results of the entire Company to differ

materially from those discussed in the forward-looking statements include, but are not limited to, the following:

- - Future claims against the Company's subsidiaries with respect to asbestos exposure and insurance and related costs may result in future liabilities that are significant and may be material.
- - If there are unexpected developments with respect to environmental matters involving the Company, it could have an adverse effect upon the Company.
- - The Company anticipates \$60 million in annualized savings from the Coltec merger by 2002. If the Company is unable to achieve these savings, it could have an adverse impact upon the Company.
- - If the Company's tax planning is not as effective as anticipated, the Company's effective tax rate could increase.

We caution you not to place undue reliance on the forward-looking statements contained in this document, which speak only as of the date on which such statements were made. We undertake no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events.

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FINANCIAL INSTRUMENTS SENSITIVITY ANALYSIS

INTEREST RATE EXPOSURE The table below provides information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including interest rate swaps and debt obligations. For debt obligations, the table represents principal cash flows and related weighted average interest rates by expected (contractual) maturity dates. Notional values are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable (receive) rates are based on implied forward rates in the yield curve at December 31, 1999.

EXPECTED MATURITY DATE

<TABLE>
<CAPTION>

Fair				2000	2001	2002	2003
2004	Thereafter	Total	Value				

<S>				<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>				
Debt							
Fixed Rate.....				\$ 12.8	\$179.0	\$3.8	\$1.9
\$0.9	\$ 1,301.3	\$1,499.7	\$1,394.0				
Average Interest Rate.....				7.4%	9.5%	0.4%	0.7%
1.2%	7.0%	7.3%					
Variable Rate.....				229.1	23.1	--	--
--		252.2	252.2				

Average Interest Rate.....	6.4%	3.7%	--	--
--	6.2%			
Interest Rate Swaps				
Variable to Fixed.....		23.1		
23.1	(0.8)			
Average Pay Rate.....		6.3%		
6.3%				
Average Receive Rate.....		4.3%		
4.3%				
Fixed to Variable.....				
200.0	200.0	(15.8)		
Average Pay Rate.....				
7.2%	7.2%			
Average Receive Rate.....				
6.0%	6.0%			
=====				
=====				
</TABLE>				

FOREIGN CURRENCY EXPOSURE The Company's international operations expose it to translation risk when the local currency financial statements are translated to U.S. dollars. As currency exchange rates fluctuate, translation of the statements of income of international businesses into U.S. dollars will affect comparability of revenues and expenses between years. The Company hedges a significant portion of its net investments in international subsidiaries by financing the purchase and cash flow requirements through local currency borrowings.

See Notes B and N to the Consolidated Financial Statements for a discussion of the Company's exposure to foreign currency transaction risk. At December 31, 1999 a hypothetical 10 percent movement in foreign exchange rates applied to the hedging agreements and underlying exposures would not have a material effect on earnings.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Consolidated Financial Statements and Notes to Consolidated Financial Statements of The BFGoodrich Company and subsidiaries have been prepared by management. These statements have been prepared in accordance with generally accepted accounting principles and, accordingly, include amounts based upon informed judgments and estimates. Management is responsible for the selection of appropriate accounting principles and the fairness and integrity of such statements.

The Company maintains a system of internal controls designed to provide reasonable assurance that accounting records are reliable for the preparation of financial statements and for safeguarding assets. The Company's system of internal controls includes: written policies, guidelines and procedures; organizational structures, staffed through the careful selection of people that provide an appropriate division of responsibility and accountability; and an internal audit program. Ernst & Young LLP, independent auditors, were engaged to audit and to render an opinion on the Consolidated Financial Statements of The BFGoodrich Company and subsidiaries. Their opinion is based on procedures believed by them to be sufficient to provide reasonable assurance that the

Consolidated Financial Statements are not materially misstated. The report of Ernst & Young LLP follows.

The Board of Directors pursues its oversight responsibility for the financial statements through its Audit Committee, composed of Directors who are not employees of the Company. The Audit Committee meets regularly to review with management and Ernst & Young LLP the Company's accounting policies, internal and external audit plans and results of audits. To ensure complete independence, Ernst & Young LLP and the internal auditors have full access to the Audit Committee and meet with the Committee without the presence of management.

/s/ D.L. Burner

<TABLE>

<S>

<C>

D. L. BURNER

Chairman

and Chief Executive Officer

</TABLE>

/s/ L. A. Chapman

<TABLE>

<S>

<C>

L. A. CHAPMAN

Senior Vice President

and Chief Financial Officer

</TABLE>

/s/ R. D. Koney, Jr.

<TABLE>

<S>

<C>

R. D. KONEY, JR.

Vice President

and Controller

</TABLE>

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of
The BFGoodrich Company

We have audited the accompanying consolidated balance sheet of The BFGoodrich Company and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Coltec Industries Inc, which statements reflect total assets constituting 20% in 1998, and total sales constituting 28% in both 1998 and 1997 of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for Coltec Industries Inc for 1998 and 1997, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing

standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and, for 1998 and 1997, the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The BFGoodrich Company and subsidiaries at December 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

/S/ Ernst & Young LLP

Charlotte, North Carolina

February 14, 2000,

except for Note W, as to which the date is

February 21, 2000

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CONSOLIDATED STATEMENT OF INCOME

<TABLE>

<CAPTION>

(dollars in millions, except per share amounts)

YEAR ENDED DECEMBER 31	1999	1998
------------------------	------	------

1997

- - - - -

<S>	<C>	<C>
-----	-----	-----

<C>		
-----	--	--

SALES.....	\$5,537.5	\$5,454.8
------------	-----------	-----------

\$4,687.9

Operating costs and expenses:

Cost of sales.....	3,953.3	3,919.2
--------------------	---------	---------

3,372.7

Charge for MD-90 contract.....	--	--
--------------------------------	----	----

35.2

Selling and administrative costs.....	841.5	841.9
---------------------------------------	-------	-------

772.1

Merger-related and consolidation costs.....	269.4	10.5
---------------------------------------------	-------	------

77.0

- - - - -

	5,064.2	4,771.6
--	---------	---------

4,257.0

- - - - -

OPERATING INCOME.....	473.3	683.2
-----------------------	-------	-------

430.9

Interest expense.....	(138.3)	(134.1)
(127.9)		
Interest income.....	4.8	6.1
12.0		
Gain on issuance of subsidiary stock.....	--	--
13.7		
Other income (expense) -- net.....	(5.3)	39.0
15.0		

Income from continuing operations before income taxes and		
Trust distributions.....	334.5	594.2
343.7		
Income tax expense.....	(146.5)	(218.5)
(138.2)		
Distributions on Trust preferred securities.....	(18.4)	(16.1)
(10.5)		

INCOME FROM CONTINUING OPERATIONS.....	169.6	359.6
195.0		
Income (loss) from discontinued operations -- net of		
taxes.....	--	(1.6)
84.3		

Income Before Extraordinary Items.....	169.6	358.0
279.3		
Extraordinary losses on debt extinguishment -- net of		
taxes.....	--	(4.3)
(19.3)		

NET INCOME.....	\$ 169.6	\$ 353.7
\$ 260.0		
=====		
=====		
BASIC EARNINGS PER SHARE:		
Continuing operations.....	\$ 1.54	\$ 3.26
\$ 1.81		
Discontinued operations.....	--	(0.01)
0.78		
Extraordinary losses.....	--	(0.04)
(0.18)		

NET INCOME.....	\$ 1.54	\$ 3.21
\$ 2.41		
=====		
=====		
DILUTED EARNINGS PER SHARE:		
Continuing operations.....	\$ 1.53	\$ 3.19
\$ 1.75		
Discontinued operations.....	--	(0.01)
0.75		
Extraordinary losses.....	--	(0.04)
(0.17)		

NET INCOME.....	\$	1.53	\$	3.14
\$ 2.33				

</TABLE>

See Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEET

<TABLE>

<CAPTION>

(dollars in millions, except per share amounts)

DECEMBER 31	1999	1998
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 66.4	\$ 53.5
Accounts and notes receivable.....	845.1	777.2
Inventories.....	1,000.6	967.7
Deferred income taxes.....	129.7	162.6
Prepaid expenses and other assets.....	58.7	54.8
TOTAL CURRENT ASSETS.....	2,100.5	2,015.8
Property.....	1,577.3	1,562.5
Prepaid pension.....	212.1	193.3
Goodwill.....	1,031.1	985.6
Identifiable intangible assets.....	107.0	112.4
Other assets.....	427.6	343.4
TOTAL ASSETS.....	\$5,455.6	\$5,213.0
CURRENT LIABILITIES		
Short-term bank debt.....	\$ 229.1	\$ 144.4
Accounts payable.....	476.2	456.0
Accrued expenses.....	712.2	617.0
Income taxes payable.....	78.9	45.2
Current maturities of long-term debt and capital lease obligations.....	14.5	7.6
TOTAL CURRENT LIABILITIES.....	1,510.9	1,270.2
Long-term debt and capital lease obligations.....	1,516.9	1,572.7
Pension obligations.....	63.4	76.6
Postretirement benefits other than pensions.....	347.7	358.5
Deferred income taxes.....	126.7	100.2
Other non-current liabilities.....	325.5	328.5
Commitments and contingent liabilities.....	--	--
Mandatorily redeemable preferred securities of trusts.....	271.3	268.9
SHAREHOLDERS' EQUITY		
Common stock -- \$5 par value		
Authorized, 200,000,000 shares; issued, 112,064,927 shares		
in 1999 and 111,524,852 shares in 1998 (excluding		

14,000,000 shares held by a wholly-owned subsidiary).....	560.3	557.7
Additional capital.....	895.8	883.5
Accumulated deficit.....	(52.3)	(120.4)
Accumulated other comprehensive income.....	(44.2)	(15.1)
Unearned compensation.....	(1.2)	(2.7)
Common stock held in treasury, at cost (1,832,919 shares in 1999 and 1,846,894 shares in 1998).....	(65.2)	(65.6)

TOTAL SHAREHOLDERS' EQUITY.....	1,293.2	1,237.4

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$5,455.6	\$5,213.0
=====		

</TABLE>

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>

<CAPTION>

(dollars in millions)

YEAR ENDED DECEMBER 31

1997

1999

1998

<S>	<C>	<C>	
<C>			
OPERATING ACTIVITIES			
Net income.....	\$ 169.6	\$ 353.7	\$
260.0			
Adjustments to reconcile net income to net cash provided by operating activities:			
Merger related and consolidation:			
Expenses.....	269.4	10.5	
77.0			
Payments.....	(207.1)	(68.6)	
(12.4)			
Extraordinary losses on debt extinguishment.....	--	4.3	
19.3			
Depreciation and amortization.....	230.6	210.2	
177.2			
Deferred income taxes.....	59.4	83.3	
57.1			
Net gains on sale of businesses.....	(6.7)	(58.3)	
(138.8)			
Gain on sale of investment.....	(3.2)	--	
--			
Change in assets and liabilities, net of effects of acquisitions and dispositions of businesses:			
Receivables.....	(67.6)	(45.2)	
(47.9)			
Inventories.....	(28.5)	(79.2)	
(84.9)			

Other current assets.....	(4.8)	2.8
(1.6)		
Accounts payable.....	10.1	(6.9)
63.3		
Accrued expenses.....	45.2	104.8
11.7		
Income taxes payable.....	36.6	46.0
4.7		
Other non-current assets and liabilities.....	(130.4)	(58.3)
(113.5)		

NET CASH PROVIDED BY OPERATING ACTIVITIES.....	372.6	499.1
271.2		

INVESTING ACTIVITIES		
Purchases of property.....	(246.3)	(262.0)
(241.1)		
Proceeds from sale of property.....	15.5	4.2
8.5		
Proceeds from sale of businesses.....	17.6	100.0
395.9		
Sale of short-term investments.....	3.5	--
8.0		
Payments made in connection with acquisitions, net of cash acquired.....	(76.1)	(521.5)
(194.1)		

NET CASH USED BY INVESTING ACTIVITIES.....	(285.8)	(679.3)
(22.8)		

FINANCING ACTIVITIES		
Increase (decrease) in short-term debt, net.....	85.4	(52.3)
68.9		
Proceeds from issuance of long-term debt.....	203.9	724.5
150.8		
Increase (decrease) in revolving credit facility, net.....	(239.5)	(458.0)
39.5		
Repayment of long-term debt and capital lease obligations...	(18.6)	(33.1)
(551.1)		
Proceeds from sale of receivables, net.....	--	12.5
87.5		
Termination of a receivable sales program.....	--	(40.0)
--		
Proceeds from issuance of convertible preferred securities, net.....	--	144.0
--		
Proceeds from issuance of capital stock.....	6.9	28.8
23.0		
Purchases of treasury stock.....	(0.3)	(64.7)
(52.4)		
Dividends.....	(91.6)	(75.7)
(59.5)		
Distributions on Trust preferred securities.....	(18.4)	(16.1)

adjustments, net of reclassification adjustment for loss included in net income of \$2.3.....	(13.2)	(13.2)		
Minimum pension liability adjustment.....	(0.2)	(0.2)		

TOTAL COMPREHENSIVE INCOME.....				
246.6				
Repurchase of stock by pooled company.....	(0.831)	(4.2)	(27.9)	
(32.1)				
Employee award programs.....	0.884	4.4	12.1	
7.7 (0.7) 23.5				
Adjustment to conform Rohr's fiscal year.....	2.071	10.3	39.6	(18.0)
26.4	58.3			
Conversion of 7.75% Convertible Subordinated Notes...	0.099	0.5	1.0	
1.5				
Exercise of warrants.....	0.420	2.1	3.3	
5.4				
Purchases of stock for treasury.....				
(2.2) (2.2)				
Dividends (per share -- \$1.10)...				(59.5)
(59.5)				

BALANCE DECEMBER 31, 1997.....	110.814	554.0	880.3	(392.9)
(11.9) (3.4) (35.1)	991.0			
Net income.....				353.7
353.7				
Other comprehensive income:				
Unrealized translation adjustments.....				
(2.5)	(2.5)			
Minimum pension liability adjustment.....				
(0.7)	(0.7)			

TOTAL COMPREHENSIVE INCOME.....				
350.5				
Repurchase of stock by pooled company.....	(1.602)	(8.0)	(40.4)	
(48.4)				
Employee award programs.....	1.078	5.5	31.5	
0.7 (0.7) 37.0				
Conversion of 7.75% Convertible Subordinated Notes...	1.235	6.2	12.1	
18.3				
Purchases of stock for treasury.....				

(29.8)	(29.8)				
Dividends (per share -- \$1.10)...				(81.2)	
(81.2)					

BALANCE DECEMBER 31, 1998.....	111.525	557.7	883.5	(120.4)	
(15.1) (2.7) (65.6) 1,237.4					
Net income.....				169.6	
169.6					
Other comprehensive income:					
Unrealized translation					
adjustments net of					
reclassification adjustments					
for loss included in net					
income of \$0.6.....					
(26.6)		(26.6)			
Minimum pension liability					
adjustment.....					
(2.5)		(2.5)			

TOTAL COMPREHENSIVE INCOME.....					
140.5					
Employee award programs.....	0.540	2.6	12.3		
1.5 0.7 17.1					
Purchases of stock for					
treasury.....					
(0.3) (0.3)					
Dividends (per share -- \$1.10)...				(101.5)	
(101.5)					

BALANCE DECEMBER 31, 1999.....	112.065	\$560.3	\$ 895.8	\$ (52.3)	\$
(44.2) \$ (1.2) \$ (65.2) \$1,293.2					
=====					
=====					

</TABLE>

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(A) COLTEC MERGER

On July 12, 1999, the Company completed its merger with Coltec Industries Inc ("Coltec"). The merger has been accounted for as a pooling-of-interests. Accordingly, all prior period consolidated financial statements have been restated to include the results of operations, financial position and cash flows of Coltec as though Coltec had always been a part of BFGoodrich. As such, results for the three years ended December 31, 1999, 1998 and 1997 represent the combined results of BFGoodrich and Coltec.

As a result of the merger, Coltec became a wholly-owned subsidiary of the Company. In accordance with the terms of the merger agreement, each share of

Coltec common stock was converted into the right to receive 0.56 shares of BFGoodrich common stock, totaling 35.5 million shares of BFGoodrich common stock.

In addition, the Company issued options to purchase 3.0 million shares of BFGoodrich common stock in exchange for options to purchase Coltec common stock outstanding immediately prior to the merger. These options vest and become exercisable in accordance with the terms and conditions of the original Coltec options. Also, the holders of the 5 1/4% Convertible Preferred Securities issued by Coltec Capital Trust, received the right to convert each such convertible preferred security into 0.955248 of a share of BFGoodrich common stock, subject to certain adjustments.

The following table presents sales, income from continuing operations and net income for the previously separate companies and the combined amounts presented within the income statement for the six months ended June 30, 1999 and the years ended December 31, 1998 and 1997. The conforming accounting adjustments conform Coltec's accounting policies to BFGoodrich's accounting policies, the more significant of which include: (1) Coltec's landing gear business was changed from percentage of completion contract accounting to accrual accounting; (2) non-recurring engineering costs that were capitalized are now expensed unless they are contractually recoverable from the customer; and (3) Coltec's SFAS 106 transition obligation that was previously deferred and being amortized to income over twenty years has now been recognized immediately upon initial adoption of SFAS 106.

<TABLE>

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
(DOLLARS IN MILLIONS)			
<S>	<C>	<C>	<C>
Sales:			
BFGoodrich.....	\$ 2,117.3	\$ 3,950.8	\$ 3,373.0
Coltec.....	757.9	1,504.0	1,314.9
Combined.....	\$ 2,875.2	\$ 5,454.8	\$ 4,687.9
Income from continuing operations:			
BFGoodrich.....	\$ 110.9	\$ 228.1	\$ 113.2
Coltec.....	63.3	122.3	94.9
Conforming accounting adjustments.....	(0.1)	9.2	(13.1)
Combined.....	\$ 174.1	\$ 359.6	\$ 195.0
Net Income:			
BFGoodrich.....	\$ 110.9	\$ 226.5	\$ 178.2
Coltec.....	63.3	118.0	94.9
Conforming accounting adjustments.....	(0.1)	9.2	(13.1)
Combined.....	\$ 174.1	\$ 353.7	\$ 260.0

</TABLE>

The conforming accounting adjustments have also resulted in the following changes applicable to the Coltec balance sheet accounts: a decrease in inventories, income taxes payable and income retained in the business and an increase in postretirement benefits other than pensions and accrued expenses.

(B) SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION The Consolidated Financial Statements reflect the accounts of The BFGoodrich Company and its majority-owned subsidiaries ("the Company" or "BFGoodrich"). Investments in 20- to 50-percent-owned affiliates and majority-owned companies in which investment is considered temporary are accounted for using the equity method. Equity in earnings (losses) from these businesses is included in Other income (expense) -- net. Intercompany accounts and transactions are eliminated.

CASH EQUIVALENTS Cash equivalents consist of highly liquid investments with a maturity of three months or less at the time of purchase.

SALE OF ACCOUNTS RECEIVABLE The Company accounts for the sale of receivables in accordance with SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Trade accounts receivable sold are removed from the balance sheet at the time of transfer.

INVENTORIES Inventories other than inventoried costs relating to long-term contracts are stated at the lower of cost or market. Certain domestic inventories are valued by the last-in, first-out (LIFO) cost method. Inventories not valued by the LIFO method are valued principally by the average cost method.

Inventoried costs on long-term contracts include certain preproduction costs, consisting primarily of tooling and design costs and production costs, including applicable overhead. The costs attributed to units delivered under long-term commercial contracts are based on the estimated average cost of all units expected to be produced and are determined under the learning

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curve concept, which anticipates a predictable decrease in unit costs as tasks and production techniques become more efficient through repetition. This usually results in an increase in inventory (referred to as "excess-over average") during the early years of a contract.

If in-process inventory plus estimated costs to complete a specific contract exceeds the anticipated remaining sales value of such contract, such excess is charged to current earnings, thus reducing inventory to estimated realizable value.

In accordance with industry practice, costs in inventory include amounts relating to contracts with long production cycles, some of which are not expected to be realized within one year.

LONG-LIVED ASSETS Property, plant and equipment, including amounts recorded under capital leases, are recorded at cost. Depreciation and amortization is computed principally using the straight-line method over the following estimated useful lives: buildings and improvements, 15 to 40 years; machinery and equipment, 5 to 15 years. In the case of capitalized lease assets, amortization

is computed over the lease term if shorter. Repairs and maintenance costs are expensed as incurred.

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired businesses and is being amortized by the straight-line method, in most cases over 20 to 40 years. The weighted average number of years over which goodwill is being amortized is 25 years. Goodwill amortization is recorded in cost of sales.

Identifiable intangible assets are recorded at cost, or when acquired as a part of a business combination, at estimated fair value. These assets include patents and other technology agreements, trademarks, licenses and non-compete agreements. They are amortized using the straight-line method over estimated useful lives of 5 to 25 years.

Impairment of long-lived assets and related goodwill is recognized when events or changes in circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable and the Company's estimate of undiscounted cash flows over the assets remaining estimated useful life are less than the assets carrying value. Measurement of the amount of impairment may be based on appraisal, market values of similar assets or estimated discounted future cash flows resulting from the use and ultimate disposition of the asset.

REVENUE AND INCOME RECOGNITION For revenues not recognized under the contract method of accounting, the Company recognizes revenues from the sale of products at the point of passage of title, which is at the time of shipment. Revenues earned from providing maintenance service are recognized when the service is complete.

A significant portion of the Company's sales in the Aerostructures Group of the Aerospace Segment are under long-term, fixed-priced contracts, many of which contain escalation clauses, requiring delivery of products over several years and frequently providing the buyer with option pricing on follow-on orders. Sales and profits on each contract are recognized primarily in accordance with the percentage-of-completion method of accounting, using the units-of-delivery method. The Company follows the guidelines of Statement of Position 81-1 ("SOP 81-1"), "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" (the contract method of accounting) except that the Company's contract accounting policies differ from the recommendations of SOP 81-1 in that revisions of estimated profits on contracts are included in earnings under the reallocation method rather than the cumulative catch-up method.

Profit is estimated based on the difference between total estimated revenue and total estimated cost of a contract, excluding that reported in prior periods, and is recognized evenly in the current and future periods as a uniform percentage of sales value on all remaining units to be delivered. Current revenue does not anticipate higher or lower future prices but includes units delivered at actual sales prices. Cost includes the estimated cost of the preproduction effort (primarily tooling and design), plus the estimated cost of manufacturing a specified number of production units. The specified number of production units used to establish the profit margin is predicated upon contractual terms adjusted for market forecasts and does not exceed the lesser of those quantities assumed in original contract pricing or those quantities which the Company now expects to deliver in the periods assumed in the original contract pricing. Option quantities are combined with prior orders when follow-on orders are released.

The contract method of accounting involves the use of various estimating techniques to project costs at completion and includes estimates of recoveries asserted against the customer for changes in specifications. These estimates involve various assumptions and projections relative to the outcome of future events, including the quantity and timing of product deliveries. Also included are assumptions relative to future labor performance and rates, and projections relative to material and overhead costs. These assumptions involve various levels of expected performance improvements. The Company reevaluates its contract estimates periodically and reflects changes in estimates in the current and future periods under the reallocation method.

Included in sales are amounts arising from contract terms that provide for invoicing a portion of the contract price at a date after delivery. Also included are negotiated values for units delivered and anticipated price adjustments for contract changes, claims, escalation and estimated earnings in excess of billing provisions, resulting from the percentage-of-completion method of accounting. Certain contract costs are estimated based on the learning curve concept discussed under Inventories above.

FINANCIAL INSTRUMENTS The Company's financial instruments recorded on the balance sheet include cash and cash equivalents, accounts and notes receivable, accounts payable and debt. Because of their short maturity, the carrying amount of cash and cash equivalents, accounts and notes receivable, accounts

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payable and short-term bank debt approximates fair value. Fair value of long-term investments is based on quoted market prices. Fair value of long-term debt is based on quoted market prices or on rates available to the Company for debt with similar terms and maturities.

Off balance sheet derivative financial instruments at December 31, 1999, include interest rate swap agreements, foreign currency forward contracts and foreign currency swap agreements. All derivatives are entered into with major commercial banks that have high credit ratings. Interest rate swap agreements are used by the Company, from time to time, to manage interest rate risk on its floating and fixed rate debt portfolio and its floating rate agreement to sell accounts receivable on a revolving basis (See Note F). The cost of interest rate swaps is recorded as part of interest expense and accrued expenses. Fair value of these instruments is based on estimated current settlement cost.

The Company utilizes forward exchange contracts (principally against the Canadian dollar, British pound, Euro and U.S. dollar) to hedge U.S. dollar-denominated sales of certain Canadian subsidiaries, the net receivable/payable position arising from trade sales and purchases and intercompany transactions by its European businesses. Foreign currency forward contracts reduce the Company's exposure to the risk that the eventual net cash inflows and outflows resulting from the sale of products and purchases from suppliers denominated in a currency other than the functional currency of the respective businesses will be adversely affected by changes in exchange rates. Foreign currency gains and losses under the above arrangements are not deferred and are reported as part of cost of sales and accrued expenses. From time to time, the Company uses foreign currency forward contracts to hedge purchases of capital equipment. Foreign currency gains and losses for such purchases are deferred as part of the basis of the asset.

The Company also enters into foreign currency swap agreements (principally for the British pound, Euro and U.S. dollar) to eliminate foreign exchange risk on intercompany loans between the Company's European businesses.

The fair value of foreign currency forward contracts and foreign currency swap agreements is based on quoted market prices.

STOCK-BASED COMPENSATION The Company accounts for stock-based employee compensation in accordance with the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations.

ISSUANCE OF SUBSIDIARY STOCK The Company recognizes gains and losses on the issuance of stock by a subsidiary in accordance with the U.S. Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin 84.

EARNINGS PER SHARE Earnings per share is computed in accordance with SFAS No. 128, "Earnings per Share."

RESEARCH AND DEVELOPMENT EXPENSE The Company performs research and development under Company-funded programs for commercial products, and under contracts with others. Research and development under contracts with others is performed by the Aerospace Segment for military and commercial products. Total research and development expenditures from continuing operations in 1999, 1998 and 1997 were \$238.0 million, \$240.6 million and \$187.7 million, respectively. Of these amounts, \$43.7 million, \$63.1 million and \$39.4 million, respectively, were funded by customers.

RECLASSIFICATIONS Certain amounts in prior year financial statements have been reclassified to conform to the current year presentation.

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NEW ACCOUNTING STANDARDS In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", which, as amended by FASB Statement No. 137, is required to be adopted in years beginning after June 15, 2000. The Statement permits early adoptions as of the beginning of any fiscal quarter after its issuance. The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

The Company has not yet determined what the effect of Statement No. 133 will be on its earnings and financial position. However, the Statement could increase volatility in earnings and comprehensive income.

In September 1999, the EITF reached a consensus on Issue 99-5, "Accounting for Pre-Production Costs Related to Long-Term Supply Arrangements." The consensus requires design and development costs for products to be sold under long-term

supply arrangements incurred subsequent to December 31, 1999, to be expensed as incurred unless contractually recoverable. The consensus did not have an impact on the Company's results or financial position.

(C) ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

POOLING-OF-INTERESTS

COLTEC As noted above, on July 12, 1999, the Company completed its merger with Coltec. The merger has been

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accounted for as a pooling-of-interests. Accordingly, all prior period consolidated financial statements have been restated to include the results of operations, financial position and cash flows of Coltec as though Coltec had always been a part of BFGoodrich. As such, results for the three years ended December 31, 1999, 1998 and 1997 represent the combined results of BFGoodrich and Coltec.

ROHR On December 22, 1997, BFGoodrich completed a merger with Rohr, Inc. by exchanging 18.6 million shares of BFGoodrich common stock for all of the common stock of Rohr. Each share of Rohr common stock was exchanged for .7 of one share of BFGoodrich common stock. The merger was accounted for as a pooling of interests, and all prior period financial statements were restated to include the financial information of Rohr as though Rohr had always been a part of BFGoodrich. Prior to the merger, Rohr's fiscal year ended on July 31. For purposes of the combination, Rohr's financial results for its fiscal year ended July 31, 1997, were restated to the year ended December 31, 1997, to conform with BFGoodrich's calendar year end.

PURCHASES

The following acquisitions were recorded using the purchase method of accounting. Their results of operations have been included in the Company's results since their respective dates of acquisition.

During 1999, the Company acquired a manufacturer of spacecraft attitude determination and control systems and sensor and imaging instruments; the remaining 50 percent interest in a joint venture, located in Singapore, that overhauls and repairs thrust reversers, nacelles and nacelle components; an ejection seat business; a textile coatings business; and a manufacturer and developer of micro-electromechanical systems, which integrate electrical and mechanical components to form "smart" sensing and control devices. Total consideration aggregated \$76.1 million, of which \$69.4 million represented goodwill.

The purchase agreements for the manufacturer and developer of micro-electromechanical systems provides for additional consideration to be paid over the next six years based on a percentage of net sales. The additional consideration for the first five years, however, is guaranteed not to be less than \$3.5 million. As the \$3.5 million of additional consideration is not contingent on future events, it has been included in the purchase price and allocated to the net assets acquired. All additional contingent amounts payable

under the purchase agreement will be recorded as additional purchase price when earned and amortized over the remaining useful life of the goodwill.

During 1998, the Company acquired a global manufacturer of specialty and fine chemicals; a manufacturer of flexible graphite and polytetrafluoroethylene ("PTFE") products; a business that manufactures, machines and distributes PTFE products; and another business that reprocesses PTFE compounds. The Company also acquired a manufacturer of sealing products; a small manufacturer of textile chemicals used for fabric preparation and finishing; the remaining 20 percent not previously owned of a subsidiary that produces self-lubricating bearings; and a small manufacturer of energetic materials systems during 1998. Total consideration aggregated \$521.5 million, of which \$308.7 million represented goodwill.

During 1997, the Company acquired seven businesses for cash consideration of \$194.1 million in the aggregate, which included \$84.4 million of goodwill. One of the acquired businesses is a manufacturer of data acquisition systems for satellites and other aerospace applications. A second business manufactures diverse aerospace products for commercial and military applications. A third business is a manufacturer of dyes, chemical additives and durable press resins for the textiles industry. A fourth business manufactures thermoplastic polyurethane and is located in the United Kingdom. A fifth business manufactures flight attendant and cockpit seats and the sixth business is a sheet rubber and conveyer belt business. The remaining acquisition is a small specialty chemicals business.

The purchase agreement for the flight attendant and cockpit seat business includes contingent payments based on earnings levels for the years ended December 31, 1997-2000. These contingent payments will be recorded as additional purchase price consideration when made and will be amortized over the remaining life of the goodwill.

The impact of these acquisitions was not material in relation to the Company's results of operations. Consequently, pro forma information is not presented.

DISPOSITIONS

During 1999, the Company sold all or a portion of its interest in four businesses, resulting in a pre-tax gain of \$9.8 million, which has been reported in other income (expense) net.

In May 1998, the Company sold the capital stock of its Holley Performance Products subsidiary for \$100 million in cash. The pre-tax gain of \$58.3 million, net of liabilities retained, has been recorded within other income (expense), net. The proceeds from this divestiture were applied toward reducing debt. In 1997, Holley had gross revenues and operating income of approximately \$99.0 million and \$8.0 million, respectively.

During 1997, the Company completed the sale of its Engine Electrical Systems Division, which was part of the Sensors and Integrated Systems Group in the Aerospace segment. The Company received cash proceeds of \$72.5 million which resulted in a pretax gain of \$26.4 million reported within other income (expense) net.

For dispositions accounted for as discontinued operations during 1998 and 1997 refer to Note T to the Consolidated Financial Statements.

(D) MERGER RELATED AND CONSOLIDATION COSTS

The Company has incurred \$269.4 million of merger related and consolidation costs in 1999, \$215.6 million of which were related to the Coltec merger. Merger related and consolidation reserves at December 31, 1999, as well as activity during the year, consisted of:

<TABLE>

<CAPTION>

			Balance		
Balance			December 31,		
Reserve December 31,			1998		
(dollars in millions)					
Provision	Reduction	1999			

<S>			<C>		<C>
<C>	<C>				
Personnel related costs.....			\$	--	\$
162.3	\$ (121.0)	\$ 41.3			
Transaction costs.....				--	
79.2	(77.2)	2.0			
Consolidation.....				--	
27.9	(20.0)	7.9			

			\$	--	\$
269.4	\$ (218.2)	\$ 51.2			
=====					
=====					

</TABLE>

During 1999, the Company recorded merger related and consolidation costs of \$269.4 million, of which \$12.3 million represents non-cash asset impairment charges. These costs related primarily to personnel related costs, transaction costs and consolidation costs. The merger related and consolidation reserves were reduced by \$218.2 million during the year, of which \$207.1 million represented cash payments.

Personnel related costs include severance, change in control and relocation costs. Personnel related costs associated with the Coltec merger were \$120.8 million, consisting of \$61.8 million incurred under change in control provisions in employment agreements, \$53.4 million in employee severance costs and \$5.6 million of relocation costs. Personnel related costs also include employee severance costs of \$26.5 million for reductions in Performance Materials (approximately 265 positions), \$2.1 million for reductions in Engineered Industrial Products (approximately 125 positions), \$7.3 million for reductions in Aerospace (approximately 400 positions) and \$5.6 million for reductions in the Company's Advanced Technology Group (approximately 15 positions).

Transaction costs were associated with the Coltec merger and include investment banking fees, accounting fees, legal fees, litigation settlement costs, registration and listing fees and other transaction costs.

Consolidation costs include facility consolidation costs and asset impairment charges. Consolidation costs associated with the Coltec merger were \$15.6 million, consisting primarily of \$6.6 million non-cash impairment charge for the former BFGoodrich and Aerospace headquarters buildings in Ohio and \$3.7 million related to realignment activities at Landing Gear facilities. Consolidation costs also included a \$2.9 million non-cash charge related to the write-off of the Company's investment in a research and development joint venture and \$2.0 million, \$1.7 million and \$5.7 million related to realignment activities at Performance Materials, Engineered Industrial Products and Aerospace, respectively.

The Aerostructures Group's fourth quarter special charge in 1998 of \$10.5 million before tax (\$6.5 million after tax, or \$.06 per share), relates to costs associated with the closure of three facilities and an asset impairment charge. The charge includes \$4.0 million for employee termination benefits; \$1.8 million related to writing down the carrying value of the three facilities to their fair value less cost to sell and \$4.7 million for an asset impairment related to an assembly-service facility in Hamburg, Germany.

The employee termination benefits primarily represents severance payments that were made to approximately 700 employees (approximately 600 wage and 100 salaried).

The shutdowns affected a composite bonding facility in Hagerstown, Maryland and two assembly sites in Heber Springs and Sheridan, Arkansas. Production work performed at these facilities has been absorbed by the Aerostructures Group's remaining facilities.

During 1997, the Company recorded merger-related and consolidation costs of \$77.0 million before tax (\$69.5 million after tax, or \$0.62 per diluted share) in connection with the Rohr merger, substantially all of which was paid in 1998. In addition to the \$77.0 million recorded as merger-related and consolidation costs, the Company also recorded \$28.0 million of debt extinguishment costs (\$16.7 million after tax, or \$0.15 per diluted share) related to the Rohr merger which were reported as an extraordinary item.

Also during 1997, the Company reversed a \$10.0 million accrual related to a 1995 Aerospace charge primarily related to the closure of a facility in Canada. During the same year, the Company's Engineered Industrial Products segment recorded a \$10.0 million charge. This special charge included the costs of closing its FMD Electronics operations in Roscoe, Illinois and its Ortman Fluid Power operations in Hammond, Indiana. The special charge also included the costs to restructure the segment's businesses in Canada and Germany and certain termination costs related to the relocation of the Delavan Commercial Spray Technologies headquarters to North Carolina. The third quarter 1997 charge included costs resulting from cancellation of contractual obligations, asset writedowns, severance and employee-related costs and other costs to shut down these facilities that will not benefit future operations.

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(E) EARNINGS PER SHARE

The computation of basic and diluted earnings per share for income from continuing operations is as follows:

<TABLE>

<CAPTION>

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	1999	1998	1997
<S>	<C>	<C>	<C>
Numerator:			
Numerator for basic earnings per share -- income from continuing operations.....	\$169.6	\$359.6	\$195.0
Effect of dilutive securities:			
7.75% Convertible Notes.....	--	4.5	.9
Numerator for diluted earnings per share -- income from continuing operations available to common stockholders after assumed conversions.....			
	\$169.6	\$364.1	\$195.9
Denominator:			
Denominator for basic earnings per share -- weighted-average shares...	110.0	110.2	107.9
Effect of dilutive securities:			
Stock options, warrants and restricted stock issued.....	0.7	1.1	2.2
Contingent shares.....	--	.1	.7
7.75% Convertible Notes.....	--	.5	1.3
Convertible preferred securities....	--	2.0	--
Dilutive potential common shares.....	0.7	3.7	4.2
Denominator for diluted earnings per share -- adjusted weighted-average shares and assumed conversions...			
	110.7	113.9	112.1
Per share income from continuing operations:			
Basic.....	\$ 1.54	\$ 3.26	\$ 1.81
Diluted.....	\$ 1.53	\$ 3.19	\$ 1.75

</TABLE>

The computation of diluted earnings per share in 1999 excludes the effects of the assumed exercise of approximately 4.2 million stock options and 2.9 million potential common shares for assumed conversions of convertible preferred securities because the effect would be anti-dilutive.

(F) SALE OF ACCOUNTS RECEIVABLE

The Company has entered into agreements to sell certain trade accounts receivable, up to a maximum of \$100.5 million and \$95.0 million at December 31, 1999 and 1998, respectively. At December 31, 1999 and December 31, 1998, \$96.0 million and \$95.0 million, respectively, of the Company's receivables were sold under these agreements and the sale was reflected as a reduction of accounts receivable in the 1999 and 1998 balance sheet. The receivables were sold at a discount, which was included in interest expense in the 1999 and 1998 income

statement.

(G) INVENTORIES

Inventories consist of the following:

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998

<S>	<C>	<C>
FIFO or average cost (which approximates current costs):		
Finished products.....	\$ 289.1	\$ 289.9
In process.....	608.4	587.2
Raw materials and supplies.....	257.5	229.0

	1,155.0	1,106.1
Reserve to reduce certain inventories to LIFO basis.....	(70.8)	(73.4)
Progress payments and advances.....	(83.6)	(65.0)

TOTAL.....	\$1,000.6	\$ 967.7
=====		

</TABLE>

Approximately 33 and 31 percent of inventory was valued by the LIFO method in 1999 and 1998, respectively.

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In-process inventories as of December 31, 1999, which include significant deferred costs for long-term contracts accounted for under contract accounting, are summarized by contract as follows (in millions, except quantities which are number of aircraft):

<TABLE>

<CAPTION>

Order Status				Aircraft Order Status(1)			Company
				Delivered	Un-	Un-	
				To	filled	filled	(2)Contract
(3)Firm	(4)Year	Pro-		Airlines	Orders	Options	Quantity
Un-filled Contract Delivered	Orders	Complete	duction				

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
737-700.....				425	794	1,062	1,000
486	514	2002	\$ 5.6				
717-200.....				9	109	100	350
16	68	2007	13.4				
Others.....							
97.3							

```

-----
In-process inventory related to
  long-term contracts.....
$ 116.3
In-process inventory not related to
  long-term contracts.....
-----

```

```

-----
Balance at December 31, 1999.....
=====
=====

```

<CAPTION>

Contract	In-Process Inventory		
	Pre- Pro- duction	Excess- Over- Average	Total
<S>	<C>	<C>	<C>
737-700.....	\$ --	\$ 1.1	\$ 6.7
717-200.....	84.9	53.9	152.2
Others.....	7.4	1.0	105.7
In-process inventory related to long-term contracts.....	\$ 92.3	\$ 56.0	264.6
In-process inventory not related to long-term contracts.....			343.8
Balance at December 31, 1999.....			\$608.4

</TABLE>

- (1) Represents the aircraft order status as reported by Case and/or other sources the Company believes to be reliable for the related aircraft and engine option. The Company's orders frequently are less than the announced orders shown above.
- (2) Represents the number of aircraft used to obtain average unit cost.
- (3) Represents the number of aircraft for which the Company has firm unfilled orders.
- (4) The year presented represents the year in which the final production units included in the contract quantity are expected to be delivered. The contract may continue in effect beyond this date.

In-process inventories include significant deferred costs related to production, pre-production and excess-over-average costs for long-term contracts. The Company has pre-production inventory of \$84.9 million related to design and development costs on the 717-200 program at December 31, 1999. In addition, the Company has excess-over-average inventory of \$53.9 million related to costs associated with the production of the flight test inventory and the first production units on this program. The aircraft was certified by the FAA on September 1, 1999, and Boeing is actively marketing the plane. Recovery of these costs will depend on the ultimate number of aircraft delivered and successfully achieving the Company's cost projections in future years.

(H) FINANCING ARRANGEMENTS

SHORT-TERM BANK DEBT At December 31, 1999 the Company had separate committed revolving credit agreements with certain banks providing for domestic lines of credit aggregating \$600.0 million, an increase of \$300.0 million from the prior year. Lines of credit totaling \$300.0 million were amended in 1999 to extend the expiration date to February 18, 2004. During 1999, the Company entered into \$300.0 million of 364-day agreements that expire on March 13, 2000. The Company has renewed these lines of credit prior to this expiration date. Borrowings under these agreements bear interest, at the Company's option, at rates tied to the banks' certificate of deposit, Eurodollar or prime rates. Under the agreements expiring in 2004, the Company is required to pay a facility fee of 10.5 basis points per annum on the total \$300.0 million committed line. According to the 364-day agreements, the Company is required to pay a facility fee of 9 basis points per annum on the total \$300.0 million committed line. If the amount outstanding on any bank's line of credit exceeds fifty percent of the applicable commitment, a usage fee of 10 basis points per annum on the loan outstanding is payable by the Company. At December 31, 1999 no amounts were outstanding pursuant to these agreements.

In addition, the Company had available formal foreign lines of credit and overdraft facilities, including a committed European revolver, of \$236.5 million at December 31, 1999, of which \$84.3 million was available.

The Company also maintains uncommitted domestic money market facilities with various banks aggregating \$367.5 million, of which \$266.3 million of these lines were unused and available at December 31, 1999. Weighted-average interest rates on outstanding short-term borrowings were 6.2 percent, 5.2 percent and 6.4 percent at December 31, 1999, 1998 and 1997, respectively. Weighted-average interest rates on short-term borrowings were 5.2 percent, 5.6 percent and 5.0 percent during 1999, 1998 and 1997, respectively.

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LONG-TERM DEBT At December 31, 1999 and 1998, long-term debt and capital lease obligations payable after one year consisted of:

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998

<S>	<C>	<C>
Revolving credit facility.....	\$ --	\$ 239.5
9.75% senior notes, maturing in 2000.....	--	7.4
9.625% Notes, maturing in 2001.....	175.0	175.0
MTN notes payable.....	699.0	699.0
European revolver.....	23.1	26.8
IDRBs, maturing in 2023, 6.0%.....	60.0	60.0
7.5% senior notes, maturing in 2008.....	300.0	300.0
6.6% senior notes, maturing in 2009.....	200.0	--
Other debt, maturing to 2015 (interest rates from 3.0% to 11.625%).....	52.9	58.6

	1,510.0	1,566.3
Capital lease obligations (Note I).....	6.9	6.4

TOTAL.....	\$1,516.9	\$1,572.7
=====		

</TABLE>

REVOLVING CREDIT FACILITY During 1999, the Company terminated its revolving credit facility subsequent to the consummation of the merger with Coltec. The revolving credit facility provided a total commitment of up to \$600 million, of which up to \$125.0 million could be issued for letters of credit. The weighted-average interest rates on Credit Agreement borrowings was 6.5 percent and 6.7 percent during 1998 and 1997, respectively.

SENIOR NOTES In 1999, the Company issued \$200.0 million of 6.6 percent senior notes due in 2009. The Company entered into a fixed-to-floating interest rate swap to manage the Company's interest rate exposure. The settlement and maturity dates on the swap are the same as those on the notes. The Company may redeem all or a portion of the notes at any time prior to maturity.

In 1998, the Company purchased in the open market \$5.0 million of the 9.75 percent senior notes, which were repaid on November 1, 1999. The 9.75 percent notes due 2000 are redeemable at maturity on April 1, 2000. In April 1998, the Company privately placed, with institutional investors, \$300.0 million principal amount of 7.5 percent senior notes due 2008, which are redeemable at a premium prior to maturity on April 15, 2008.

MTN NOTES PAYABLE The Company has periodically issued long-term debt securities in the public markets through a medium term note program (referred to as the MTN program), which commenced in 1995. MTN notes outstanding at December 31, 1999, consist entirely of fixed-rate non-callable debt securities. In 1998, the Company issued \$100.0 million of 6.45 percent MTN notes due in 2008, \$130.0 million of 6.8 percent MTN notes due in 2018 and \$200.0 million of 7.0 percent notes due in 2038, primarily for the financing of acquisitions (see Note C). All other MTN notes outstanding were issued during 1995, 1996 and 1997, with interest rates ranging from 7.2 percent to 8.7 percent and maturity dates ranging from 2025 to 2046.

EUROPEAN REVOLVER The Company has a \$125.0 million committed multi-currency revolving credit facility with various international banks, expiring in the year 2003. The Company uses this facility for short and long-term, local currency financing to support the growth of its European operations. At December 31, 1999, the Company's long-term borrowings under this facility were \$23.1 million denominated in Spanish pesetas at a floating rate that is tied to Spanish LIBOR (3.6 percent at December 31, 1999). The Company has effectively converted the \$23.1 million long-term borrowing into fixed rate debt with an interest rate swap.

IDRBS The industrial development revenue bonds maturing in 2023 were issued to finance the construction of a hangar facility in 1993. Property acquired through the issuance of these bonds secures the repayment of the bonds.

Aggregate maturities of long-term debt, exclusive of capital lease obligations, during the five years subsequent to December 31, 1999, are as follows (in millions): 2000 -- \$12.8; 2001 -- \$202.1; 2002 -- \$3.8; 2003 -- \$1.9 and 2004 -- \$0.9.

The Company's debt agreements contain various restrictive covenants that, among

other things, place limitations on the payment of cash dividends and the repurchase of the Company's capital stock. Under the most restrictive of these agreements, \$422.9 million of income retained in the business and additional capital was free from such limitations at December 31, 1999.

(I) LEASE COMMITMENTS

The Company leases certain of its office and manufacturing facilities as well as machinery and equipment under various leasing arrangements. The future minimum lease payments from continuing operations, by year and in the aggregate, under capital leases and under noncancelable operating leases with initial or remaining noncancelable lease terms in excess of one year, consisted of the following at December 31, 1999:

<TABLE>

<CAPTION>

(in millions)	Capital Leases	Noncancelable Operating Leases
<S>	<C>	<C>
2000.....	\$ 2.8	\$40.1
2001.....	2.5	34.6
2002.....	2.2	26.4
2003.....	2.0	18.3
2004.....	1.4	14.1
Thereafter.....	0.4	35.3
Total minimum payments.....	11.3	\$168.8
Amounts representing interest.....	(2.7)	=====
Present value of net minimum lease payments.....	8.6	
Current portion of capital lease obligations.....	(1.7)	
TOTAL.....	\$ 6.9	=====

</TABLE>

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<PAGE> 30

Net rent expense from continuing operations consisted of the following:

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998	1997
<S>	<C>	<C>	<C>
Minimum rentals.....	\$51.6	\$45.9	\$37.2
Contingent rentals.....	--	0.3	3.9
Sublease rentals.....	(0.2)	(0.1)	(0.1)
TOTAL.....	\$51.4	\$46.1	\$41.0

</TABLE>

(J) PENSIONS AND POSTRETIREMENT BENEFITS

The Company has several noncontributory defined benefit pension plans covering eligible employees. Plans covering salaried employees generally provide benefit payments using a formula that is based on an employee's compensation and length of service. Plans covering hourly employees generally provide benefit payments of stated amounts for each year of service.

The Company also sponsors several unfunded defined benefit postretirement plans that provide certain health-care and life insurance benefits to eligible employees. The health-care plans are contributory, with retiree contributions adjusted periodically, and contain other cost-sharing features, such as deductibles and coinsurance. The life insurance plans are generally noncontributory.

The Company's general funding policy for pension plans is to contribute amounts at least sufficient to satisfy regulatory funding standards. The Company's qualified pension plans were fully funded on an accumulated benefit obligation basis at December 31, 1999 and 1998. Assets for these plans consist principally of corporate and government obligations and commingled funds invested in equities, debt and real estate. At December 31, 1999, the pension plans held 2.8 million shares of the Company's common stock with a fair value of \$75.9 million.

Amortization of unrecognized transition assets and liabilities, prior service cost and gains and losses (if applicable) are recorded using the straight-line method over the average remaining service period of active employees, or approximately 12 years.

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The following table sets forth the status of the Company's defined benefit pension plans and defined benefit postretirement plans as of December 31, 1999 and 1998, and the amounts recorded in the Consolidated Balance Sheet at these dates.

<TABLE>

<CAPTION>

		Pension Benefits	
Other Benefits			
(IN MILLIONS)		1999	1998
1999	1998		

<S>		<C>	<C>
<C>			
CHANGE IN PROJECTED			
BENEFIT OBLIGATIONS			
Projected benefit obligation at beginning of year.....		\$2,081.7	\$1,999.6
\$ 345.7	\$ 348.9		
Service cost.....		38.6	32.5
3.4	3.0		
Interest cost.....		142.9	141.5
22.9	23.1		
Amendments.....		24.6	20.9

3.6	(1.2)		
Actuarial (gains) losses.....	(174.6)	60.2	
(1.9)	(0.1)		
Acquisitions.....	--	4.6	
--	0.9		
Benefits paid.....	(162.8)	(177.6)	
(33.6)	(28.9)		

Projected benefit obligation at end of year.....	\$1,950.4	\$2,081.7	
\$ 340.1	\$ 345.7		

CHANGE IN PLAN ASSETS			
Fair value of plan assets at beginning of year.....	\$2,185.0	\$2,036.4	
\$ --	\$ --		
Actual return on plan assets.....	214.8	261.2	
--	--		
Acquisitions.....	--	4.6	
--	--		
Company contributions.....	9.4	60.4	
33.6	28.9		
Benefits paid.....	(162.8)	(177.6)	
(33.6)	(28.9)		

Fair value of plan assets at end of year.....	\$2,246.4	\$2,185.0	
\$ --	\$ --		

FUNDED STATUS (UNDERFUNDED)			
Funded status.....	\$ 296.0	\$ 103.3	
\$ (340.1)	\$ (345.7)		
Unrecognized net actuarial loss.....	(229.6)	(31.8)	
(34.3)	(33.2)		
Unrecognized prior service cost.....	86.9	73.7	
(4.6)	(9.6)		
Unrecognized net transition obligation.....	7.8	9.3	
--	--		

Prepaid (accrued) benefit cost.....	\$ 161.1	\$ 154.5	
\$ (379.0)	\$ (388.5)		
=====			
=====			
AMOUNTS RECOGNIZED IN THE			
STATEMENT OF FINANCIAL			
POSITION CONSIST OF:			
Prepaid benefit cost.....	\$ 231.1	\$ 179.0	
\$ --	\$ --		
Intangible asset.....	4.2	6.3	
--	--		
Accumulated other comprehensive income.....	6.7	6.4	
--	--		
Accrued benefit liability.....	(80.9)	(37.2)	
(379.0)	(388.5)		

NET AMOUNT RECOGNIZED..... \$ 161.1 \$ 154.5
\$ (379.0) \$ (388.5)
=====

=====

WEIGHTED-AVERAGE ASSUMPTIONS

AS OF DECEMBER 31

Discount rate.....	8.00%	7.00%
8.00% 7.00%		
Expected return on plan assets.....	9.25%	9.00%
-- --		
Rate of compensation increase.....	4.00%	3.50%
-- --		

</TABLE>

For measurement purposes, a 7.5 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually to 5.0 percent for 2005 and remain at that level thereafter.

For Coltec plans, the assumptions were comparable to the BFGoodrich assumptions, except for the rate of compensation increase (4.75 percent) and the rate of increase in the per capita cost of covered health care (7.75 percent assumed to decrease gradually to 5.25 percent by 2005).

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$95.4 million, \$81.8 million and \$11.1 million, respectively, as of December 31, 1999 and \$92.5 million, \$79.1 million and \$10.0 million, respectively, as of December 31, 1998. These amounts are included in the above table.

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<PAGE> 32

<TABLE>
<CAPTION>

				Pension Benefits	
Other Benefits				1999	1998
(IN MILLIONS)					
1997	1999	1998	1997		

<S>				<C>	<C>
<C>					
COMPONENTS OF NET					
PERIODIC BENEFIT COST (INCOME):					
Service cost.....				\$ 38.6	\$ 32.5
29.4 \$ 3.4 \$ 3.0 \$ 2.4					
Interest cost.....				143.2	141.7
141.6 22.9 23.1 25.1					
Expected return on plan assets.....				(193.9)	(190.6)
(207.9) -- -- --					
Amortization of prior service cost.....				11.0	26.5
54.6 (1.2) (0.5) (1.4)					
Amortization of transition obligation.....				0.9	0.1
0.3 -- -- --					

Recognized net actuarial (gain) loss.....	(4.9)	5.8		
5.5 (0.9) (1.3) (1.0)				

Benefit cost (income).....	(5.1)	16.0		
23.5 24.2 24.3 25.1				
Settlements and curtailments (gain)/loss.....	0.1	(7.8)		
6.6 -- -- (2.5)				

	\$ (5.0)	\$ 8.2	\$	
30.1 \$24.2 \$24.3 \$22.6				
=====				
=====				

The table below quantifies the impact of a one percentage point change in the assumed health care cost trend rate.

<TABLE>
<CAPTION>

(IN MILLIONS)	1 Percentage Point Increase	1 Percentage Point Decrease

<S>	<C>	<C>
Effect on total of service and interest cost components in 1999.....	\$ 1.7	\$ 1.5
Effect on postretirement benefit obligation as of December 31, 1999.....	\$ 21.0	\$ 18.3

The Company also maintains voluntary retirement savings plans for salaried and wage employees. Under provisions of these plans, eligible employees can receive Company matching contributions on up to the first 6 percent of their eligible earnings. For 1999, 1998 and 1997, Company contributions amounted to \$36.0 million, \$33.3 million and \$32.1 million, respectively.

(K) INCOME TAXES

Income from continuing operations before income taxes and Trust distributions as shown in the Consolidated Statement of Income consists of the following:

<TABLE>
<CAPTION>

(IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
Domestic.....	\$269.2	\$551.0	\$311.7
Foreign.....	65.3	43.2	32.0

TOTAL.....	\$334.5	\$594.2	\$343.7
=====			

</TABLE>

A summary of income tax (expense) benefit from continuing operations in the Consolidated Statement of Income is as follows:

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998	1997
<S>	<C>	<C>	<C>
Current:			
Federal.....	\$ (65.3)	\$ (99.3)	\$ (61.3)
Foreign.....	(11.5)	(13.6)	(12.7)
State.....	(10.3)	(22.3)	(7.1)
	(87.1)	(135.2)	(81.1)
Deferred:			
Federal.....	(48.3)	(75.4)	(49.0)
Foreign.....	(11.1)	(8.5)	(7.5)
State.....	--	0.6	(0.6)
	(59.4)	(83.3)	(57.1)
TOTAL.....	\$ (146.5)	\$ (218.5)	\$ (138.2)

</TABLE>

Significant components of deferred income tax assets and liabilities at December 31, 1999 and 1998, are as follows:

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998
<S>	<C>	<C>
Deferred income tax assets:		
Accrual for postretirement benefits other than pensions.....	\$135.8	\$128.8
Inventories.....	30.8	30.7
Other nondeductible accruals.....	85.1	62.7
Tax credit and net operating loss carryovers.....	65.6	91.8
Employee benefits plans.....	9.1	11.6
Other.....	71.1	60.7
Total deferred income tax assets.....	397.5	386.3
Deferred income tax liabilities:		
Tax over book depreciation.....	(134.5)	(127.3)
Tax over book intangible amortization.....	(44.0)	(40.3)
Pensions.....	(41.0)	(41.0)
Capital transactions, net.....	(62.7)	(61.8)
Other.....	(112.3)	(53.5)
Total deferred income tax liabilities....	(394.5)	(323.9)
NET DEFERRED INCOME TAXES.....	\$ 3.0	\$ 62.4

</TABLE>

Management has determined, based on the Company's history of prior earnings and its expectations for the future, that taxable income of the Company will more likely than not be sufficient

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to recognize fully these net deferred tax assets. In addition, management's analysis indicates that the turnaround periods for certain of these assets are for long periods of time or are indefinite. In particular, the turnaround of the largest deferred tax asset related to accounting for postretirement benefits other than pensions will occur over an extended period of time and, as a result, will be realized for tax purposes over those future periods. The tax credit and net operating loss carryovers, principally relating to Rohr, are primarily comprised of federal net operating loss carryovers of \$155.6 million which expire in the years 2005 through 2013, and investment tax credit and other credits of \$11.2 million which expire in the years 2003 through 2014. The remaining deferred tax assets and liabilities approximately match each other in terms of timing and amounts and should be realizable in the future, given the Company's operating history.

The effective income tax rate from continuing operations varied from the statutory federal income tax rate as follows:

<TABLE>

<CAPTION>

	Percent of Pretax Income		
	1999	1998	1997

<S>	<C>	<C>	<C>
Statutory federal income tax rate.....	35.0%	35.0%	35.0%
Amortization of nondeductible goodwill...	1.9	0.8	0.6
Difference in rates on consolidated foreign subsidiaries.....	--	0.5	0.8
State and local taxes, net of federal benefit.....	2.0	2.1	0.8
Tax exempt income from foreign sales corporation.....	(2.5)	(1.0)	(2.1)
Trust distributions.....	(1.9)	(0.5)	(1.1)
Merger-related costs.....	6.7	--	5.9
Repatriation of non-U.S. earnings.....	0.7	(0.3)	(0.3)
Other items.....	1.9	0.2	0.6

Effective income tax rate.....	43.8%	36.8%	40.2%
=====			

</TABLE>

The Company has not provided for U.S. federal and foreign withholding taxes on \$ 255.8 million of foreign subsidiaries' undistributed earnings as of December 31, 1999, because such earnings are intended to be reinvested indefinitely. It is not practical to determine the amount of income tax liability that would result had such earnings actually been repatriated. On repatriation, certain foreign countries impose withholding taxes. The amount of withholding tax that would be payable on remittance of the entire amount of undistributed earnings would

approximate \$12.1 million.

(L) BUSINESS SEGMENT INFORMATION

The Company's operations are classified into three reportable business segments: BFGoodrich Aerospace ("Aerospace"), BFGoodrich Engineered Industrial Products ("Engineered Industrial Products") and BFGoodrich Performance Materials ("Performance Materials"). The Company's three reportable business segments are managed separately based on fundamental differences in their operations.

Aerospace consists of four business groups: Aerostructures; Landing Systems; Sensors and Integrated Systems; and Maintenance, Repair and Overhaul. They serve commercial, military, regional, business and general aviation markets. Aerospace's major products are aircraft engine nacelle and pylon systems; aircraft landing gear and wheels and brakes; sensors and sensor-based systems; fuel measurement and management systems; flight attendant and cockpit seats; aircraft evacuation slides and rafts; ice protection systems, and collision warning systems. Aerospace also provides maintenance, repair and overhaul services on commercial airframes and components.

Engineered Industrial Products is a single business group. This group manufactures industrial seals; gaskets; packing products; self-lubricating bearings; diesel, gas and dual-fuel engines; air compressors; spray nozzles and vacuum pumps.

Performance Materials consists of three business groups: Textile and Coatings Solutions, Polymer Additives and Specialty Plastics, and Consumer Specialties. They serve various markets such as personal-care, pharmaceuticals, printing, textiles, industrial, construction and automotive. Performance Materials' major products are thermoplastic polyurethane; high-heat-resistant plastics; synthetic thickeners and emulsifiers; polymer emulsions, resins and additives, and textile thickeners, binders, emulsions and compounds.

The Company's business is conducted on a global basis with manufacturing, service and sales undertaken in various locations throughout the world. Aerospace's products and services and Engineered Industrial Products' and Performance Materials' products are principally sold to customers in North America and Europe.

Segment operating income is total segment revenue reduced by operating expenses identifiable with that business segment. Corporate includes general corporate administrative costs and Advanced Technology Group research expenses.

The Company evaluates performance and allocates resources based on operating income. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. There are no intersegment sales.

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
SALES			
Aerospace.....	\$3,617.4	\$3,479.3	\$3,026.1
Engineered Industrial			
Products.....	702.4	779.9	757.1

Performance Materials.....	1,217.7	1,195.6	904.7

TOTAL SALES.....	\$5,537.5	\$5,454.8	\$4,687.9
=====			
OPERATING INCOME			
Aerospace.....	\$ 558.7	\$ 500.0	\$ 325.8
Engineered Industrial			
Products.....	118.2	131.6	147.0
Performance Materials.....	150.4	145.8	128.2

	827.3	777.4	601.0
Corporate General and			
Administrative Expenses.....	(84.6)	(83.7)	(93.1)
Merger Related and Consolidation			
Costs.....	(269.4)	(10.5)	(77.0)

TOTAL OPERATING INCOME.....	\$ 473.3	\$ 683.2	\$ 430.9
=====			

</TABLE>

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<PAGE> 34

<TABLE>
<CAPTION>

(IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
ASSETS			
Aerospace.....	\$3,021.8	\$2,844.9	\$2,816.3
Engineered Industrial			
Products.....	390.3	404.0	320.6
Performance Materials.....	1,398.4	1,380.2	877.3
Corporate.....	645.1	583.9	319.5

TOTAL ASSETS.....	\$5,455.6	\$5,213.0	\$4,333.7
=====			

CAPITAL EXPENDITURES			
Aerospace.....	\$ 139.6	\$ 157.9	\$ 128.8
Engineered Industrial			
Products.....	29.4	29.6	31.4
Performance Materials.....	70.8	70.6	73.2
Corporate.....	6.5	3.9	7.7

TOTAL CAPITAL			
EXPENDITURES.....	\$ 246.3	\$ 262.0	\$ 241.1
=====			

DEPRECIATION AND AMORTIZATION			
EXPENSE			
Aerospace.....	\$ 117.3	\$ 106.6	\$ 101.3
Engineered Industrial			
Products.....	23.4	21.1	15.7
Performance Materials.....	85.1	75.3	48.2
Corporate.....	4.8	7.2	12.0

TOTAL DEPRECIATION AND			
AMORTIZATION.....	\$ 230.6	\$ 210.2	\$ 177.2
=====			
GEOGRAPHIC AREAS			
NET SALES			
United States.....	\$3,776.8	\$3,795.4	\$3,362.1
Canada.....	221.8	240.5	171.0
Europe(1).....	1,052.2	970.1	802.8
Other Foreign.....	486.7	448.8	352.0

TOTAL.....	\$5,537.5	\$5,454.8	\$4,687.9
=====			

<TABLE>			
<CAPTION>			
(IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
PROPERTY			
United States.....	\$1,362.7	\$1,347.1	1,172.4
Canada.....	51.2	53.9	54.8
Europe.....	147.6	153.6	116.9
Other Foreign.....	15.8	7.9	8.6

TOTAL.....	\$1,577.3	\$1,562.5	\$1,352.7
=====			

(1) European sales in 1999, 1998 and 1997 included \$384.0 million, \$298.4 million and \$431.0 million, respectively, of sales to customers in France. Sales were allocated to geographic areas based on where the product was shipped to.

In 1999, 1998 and 1997, sales to Boeing, solely by the Aerospace Segment, totaled 16 percent, 16 percent and 14 percent, respectively, of consolidated sales. Sales to Boeing include sales to McDonnell Douglas which merged with Boeing in 1997.

(M) PUBLIC OFFERING OF SUBSIDIARY STOCK

In May 1997, the Company's subsidiary, DTM Corporation ("DTM"), issued 2,852,191 shares of its authorized but previously unissued common stock in an initial public offering ("IPO"). As a result of the IPO, the Company's interest declined from approximately 92 percent to approximately 50 percent (the Company did not sell any of its interest in the IPO). The Company recognized a pretax gain of \$13.7 million (\$8.0 million after tax) in accordance with the SEC's Staff Accounting Bulletin 84.

In February 1999, the Company sold its remaining interest in DTM for approximately \$3.5 million. The Company's net investment in DTM approximated \$0.5 million at December 31, 1998. The gain was recorded within Other Income (Expense) during the first quarter of 1999.

(N) SUPPLEMENTAL BALANCE SHEET INFORMATION

<TABLE>
<CAPTION>

Balance			Balance	Charged to Costs
at End			Beginning	and
(dollars in millions)			of Year	Expense
Other	Deductions (1)	of Year		

<S>			<C>	<C>
<C>				
ACCOUNTS RECEIVABLE ALLOWANCE				
Year ended December 31, 1999.....			\$25.7	\$5.7
\$0.2 (2)	\$ (3.4)	\$28.2		
Year ended December 31, 1998.....			24.2	6.8
0.9 (2)	(6.2)	25.7		
Year ended December 31, 1997.....			28.2	16.8
0.7 (2)				
(2.1) (3)			(19.4)	24.2
=====				
</TABLE>				

- (1) Write-off of doubtful accounts, net of recoveries
- (2) Allowance related to acquisitions
- (3) Allowance related to operations that were sold

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<PAGE> 35

<TABLE>
<CAPTION>

(IN MILLIONS)	1999	1998

<S>	<C>	<C>
PROPERTY		
Land.....	\$ 57.2	\$ 66.0
Buildings and improvements.....	867.0	820.6
Machinery and equipment.....	2,047.4	1,924.8
Construction in progress.....	167.6	191.5

	\$ 3,139.2	\$ 3,002.9
Less allowances for depreciation.....	(1,561.9)	(1,440.4)

TOTAL.....	\$ 1,577.3	\$ 1,562.5
=====		
</TABLE>		

Property includes assets acquired under capital leases, principally buildings and machinery and equipment, of \$21.1 million and \$17.0 million at December 31, 1999 and 1998, respectively. Related allowances for depreciation and amortization are \$7.1 million and \$5.4 million, respectively. Interest costs

capitalized from continuing operations were \$3.5 million in 1999, \$5.1 million in 1998 and \$6.8 million in 1997.

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998

<S>	<C>	<C>
GOODWILL		
Accumulated amortization.....	\$228.0	\$183.3
=====		
IDENTIFIABLE INTANGIBLE ASSETS		
Accumulated amortization.....	\$ 37.8	\$ 29.3
=====		
ACCRUED EXPENSES		
Wages, vacations, pensions and other		
employment costs.....	\$195.8	\$169.9
Postretirement benefits other than		
pensions.....	31.3	31.8
Taxes, other than federal and foreign taxes		
on income.....	63.9	68.3
Accrued environmental liabilities.....	12.5	18.9
Accrued asbestos liability.....	134.6	89.7
Accrued interest.....	44.3	44.3
Merger costs.....	51.2	--
Other.....	178.6	194.1

TOTAL.....	\$712.2	\$617.0
=====		

</TABLE>

FAIR VALUES OF FINANCIAL INSTRUMENTS The Company's accounting policies with respect to financial instruments are described in Note B.

The carrying amounts of the Company's significant on balance sheet financial instruments approximate their respective fair values at December 31, 1999 and 1998, except for the Company's long-term investments and long-term debt.

<TABLE>

<CAPTION>

		1999	
1998			
Carrying	Fair	CARRYING	FAIR
(IN MILLIONS)		VALUE	VALUE
Value	Value		

<S>		<C>	<C>
<C>	<C>		
Long-term investments.....		\$ 20.4	\$ 21.2
\$ 13.4	\$ 20.2		
Long-term debt.....		1,531.5	1,425.7
1,580.6	1,781.9		

</TABLE>

Off balance sheet derivative financial instruments at December 31, 1999 and 1998

were as follows:

<TABLE>
<CAPTION>

		1999	
1998		CONTRACT/	
Contract/		NOTIONAL	FAIR
Notional	Fair		
(IN MILLIONS)		AMOUNT	VALUE
Amount	Value		

<S>		<C>	<C>
<C>	<C>		
Interest rate swaps.....		\$ 223.1	\$ (16.6)
\$ 306.8	\$(13.0)		
Foreign currency forward contracts.....		26.3	0.3
124.7	(12.4)		

During 1999 the Company entered into an interest rate swap agreement to manage the Company's fixed interest rate exposure on its \$200.0 million senior notes, wherein the Company pays a LIBOR-based floating rate of interest and receives a fixed rate. At December 31, 1999 the Company also had an interest rate swap agreement, hedging a portion of the variable interest expense for the European Revolver, according to which the Company pays a fixed rate and receives a floating rate of interest tied to Spanish LIBOR.

At December 31, 1998 the Company had various interest rate swap agreements wherein the Company paid fixed rates of interest and received LIBOR-based floating rates. During 1999 the Company terminated \$280.0 million of the interest rate swaps that existed at December 31, 1998. The fair market value at December 31, 1998 of the terminated swaps was (\$9.4) million.

At December 31, 1999 the Company had forward exchange contracts to hedge trade receivables and payables as well as intercompany transactions. These contracts mature within one year.

At December 31, 1998 the Company had \$120.5 million of forward exchange contracts denominated in Canadian dollars to hedge the U.S. dollar denominated sales of certain Canadian subsidiaries. During 1999 the Company terminated \$94.0 million of these contracts which at December 31, 1998 had a fair market value of (\$12.0) million. The remaining forward exchange contracts at December 31, 1998 relate to trade receivables and payables.

The counterparties to each of these agreements are major commercial banks. Management believes that losses related to credit risk are remote.

The Company has an outstanding contingent liability for guaranteed debt and lease payments of \$41.6 million, and for letters of credit of \$42.2 million. It was not practical to obtain independent estimates of the fair values for the contingent liability for guaranteed debt and lease payments and for letters

of credit without incurring excessive costs. In the opinion of management, non-performance by the other parties to the contingent liabilities will not have a material effect on the Company's results of operations or financial condition.

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Unrealized foreign currency translation.....	\$ (37.5)	\$ (10.9)	\$ (8.4)
Minimum pension liability.....	(6.7)	(4.2)	(3.5)

TOTAL.....	\$ (44.2)	\$ (15.1)	\$ (11.9)
=====			

</TABLE>

(O) SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth non-cash financing and investing activities and other cash flow information. Acquisitions accounted for under the purchase method are summarized as follows:

<TABLE>

<CAPTION>

(IN MILLIONS)	1999	1998	1997

<S>	<C>	<C>	<C>
Estimated fair value of tangible assets acquired....	\$ 26.2	\$ 266.0	\$ 106.2
Goodwill and identifiable intangible assets acquired.....	72.6	380.7	105.4
Cash paid.....	(76.1)	(521.5)	(194.1)

Liabilities assumed or created.....	\$ 22.7	\$ 125.2	\$ 17.5
=====			
Interest paid (net of amount capitalized).....	\$126.9	\$ 120.7	\$ 131.7
Income taxes paid.....	66.3	45.9	165.2
Exchange of 7.75% Convertible Notes.....	--	--	(1.3)
Change in equity due to exchange of 7.75% Convertible Notes.....	--	--	1.5

</TABLE>

(P) PREFERRED STOCK

There are 10,000,000 authorized shares of Series Preferred Stock -- \$1 par value. Shares of Series Preferred Stock that have been redeemed are deemed retired and extinguished and may not be reissued. As of December 31, 1999, 2,401,673 shares of Series Preferred Stock have been redeemed, and no shares of

Series Preferred Stock were outstanding. The Board of Directors establishes and designates the series and fixes the number of shares and the relative rights, preferences and limitations of the respective series of the Series Preferred Stock.

CUMULATIVE PARTICIPATING PREFERRED STOCK -- SERIES F The Company has 200,000 shares of Junior Participating Preferred Stock-Series F -- \$1 par value authorized at December 31, 1999. Series F shares have preferential voting, dividend and liquidation rights over the Company's common stock. At December 31, 1999, no Series F shares were issued or outstanding and 127,965 shares were reserved for issuance.

On August 2, 1997, the Company made a dividend distribution of one Preferred Share Purchase Right ("Right") on each share of the Company's common stock. These Rights replace previous shareholder rights which expired on August 2, 1997. Each Right, when exercisable, entitles the registered holder thereof to purchase from the Company one one-thousandth of a share of Series F Stock at a price of \$200 per one one-thousandth of a share (subject to adjustment). The one one-thousandth of a share is intended to be the functional equivalent of one share of the Company's common stock.

The Rights are not exercisable or transferable apart from the common stock until an Acquiring Person, as defined in the Rights Agreement, without the prior consent of the Company's Board of Directors, acquires 20 percent or more of the voting power of the Company's common stock or announces a tender offer that would result in 20 percent ownership. The Company is entitled to redeem the Rights at 1 cent per Right any time before a 20 percent position has been acquired or in connection with certain transactions thereafter announced. Under certain circumstances, including the acquisition of 20 percent of the Company's common stock, each Right not owned by a potential Acquiring Person will entitle its holder to purchase, at the Right's then-current exercise price, shares of Series F Stock having a market value of twice the Right's exercise price.

Holders of the Right are entitled to buy stock of an Acquiring Person at a similar discount if, after the acquisition of 20 percent or more of the Company's voting power, the Company is involved in a merger or other business combination transaction with another person in which its common shares are changed or converted, or the Company sells 50 percent or more of its assets or earnings power to another person. The Rights expire on August 2, 2007.

(Q) COMMON STOCK

During 1999, 1998 and 1997, 0.540 million; 1.078 million and 0.884 million shares, respectively, of authorized but unissued shares of common stock were issued under the Stock Option Plan and other employee stock ownership plans.

On July 12, 1999, 35.472 million shares of common stock were issued in connection with the merger with Coltec (see Note A).

On December 22, 1997, 18.588 million shares of common stock were issued in connection with the merger with Rohr (see Note C). During 1998, 1.235 million shares of authorized but previously unissued shares of common stock were issued upon conversion of Rohr debentures that were extinguished in late 1997.

The Company acquired 0.085 million; 0.628 million and 0.053 million shares of treasury stock in 1999, 1998 and 1997, respectively, and reissued 0.099 million and 0.005 million shares in 1999 and 1997, respectively, in connection with the

Stock Option Plan and other employee stock ownership plans. In 1998 and 1997, 0.015 million and 0.020 million shares, respectively, of common stock previously awarded to employees were forfeited and restored to treasury stock.

During 1998 and 1997, 1.602 million; and 0.831 million shares, respectively, were repurchased by a pooled company (Coltec).

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As of December 31, 1999, there were 13.034 million shares of common stock reserved for future issuance under the Stock Option Plan and 2.866 million shares of common stock reserved for conversion of the 5 1/4% Trust Convertible Preferred Securities.

(R) PREFERRED SECURITIES OF TRUST

In April 1998, Coltec privately placed with institutional investors \$150 million (3,000,000 shares at liquidation value of \$50 per Convertible Preferred Security) of 5 1/4% Trust Convertible Preferred Securities ("Convertible Preferred Securities"). The placement of the Convertible Preferred Securities was made through Coltec's wholly-owned subsidiary, Coltec Capital Trust ("Trust"), a newly-formed Delaware business trust. The Convertible Preferred Securities represent undivided beneficial ownership interests in the Trust. Substantially all the assets of the Trust are the 5 1/4% Convertible Junior Subordinated Deferrable Interest Debentures due April 15, 2028 which were acquired with the proceeds from the private placement of the Convertible Preferred Securities. Coltec's obligations under the Convertible Junior Subordinated Debentures, the Indenture pursuant to which they were issued, the Amended and Restated Declaration of Trust of the Trust, the Guarantee of Coltec and the Guarantee of the Company, taken together, constitute a full and unconditional guarantee by the Company of amounts due on the Convertible Preferred Securities. The Convertible Preferred Securities are convertible at the option of the holders at any time into the common stock of the Company at an effective conversion price of \$52 1/3 per share and are redeemable at the Company's option after April 20, 2001 at 102.63% of the liquidation amount declining ratably to 100% after April 20, 2004.

On July 6, 1995, BFGoodrich Capital, a wholly owned Delaware statutory business trust (the "Trust") which is consolidated by the Company, received \$122.5 million, net of the underwriting commission, from the issuance of 8.3 percent Cumulative Quarterly Income Preferred Securities, Series A ("QUIPS"). The Trust invested the proceeds in 8.3 percent Junior Subordinated Debentures, Series A, due 2025 ("Junior Subordinated Debentures") issued by the Company, which represent approximately 97 percent of the total assets of the Trust. The Company used the proceeds from the Junior Subordinated Debentures primarily to redeem all of the outstanding shares of the \$3.50 Cumulative Convertible Preferred Stock, Series D.

The QUIPS have a liquidation value of \$25 per Preferred Security, mature in 2025 and are subject to mandatory redemption upon repayment of the Junior Subordinated Debentures. The Company has the option at any time on or after July 6, 2000, to redeem, in whole or in part, the Junior Subordinated Debentures with the proceeds from the issuance and sale of the Company's common stock within two years preceding the date fixed for redemption.

The Company has unconditionally guaranteed all distributions required to be made

by the Trusts, but only to the extent the Trusts have funds legally available for such distributions. The only source of funds for the Trusts to make distributions to preferred security holders is the payment by the Company of interest on the Junior Subordinated Debentures. The Company has the right to defer such interest payments for up to five years. If the Company defers any interest payments, the Company may not, among other things, pay any dividends on its capital stock until all interest in arrears is paid to the Trusts.

(S) STOCK OPTION PLAN

At December 31, 1999, the Company had stock-based compensation plans described below that include the pre-merger plans of Coltec and Rohr. Effective with the mergers, outstanding Coltec and Rohr options were assumed by the Company and converted to fully-vested options to purchase BFGoodrich common stock at a ratio of .56 and .7 of one share of BFGoodrich common stock, respectively, for each Coltec and Rohr option and at an appropriately revised exercise price.

The Stock Option Plan, which will expire on April 19, 2004, unless renewed, provides for the awarding of or the granting of options to purchase 5,000,000 shares of common stock of the Company. Generally, options granted are exercisable at the rate of 35 percent after one year, 70 percent after two years and 100 percent after three years. Certain options are fully exercisable immediately after grant. The term of each option cannot exceed 10 years from the date of grant. All options granted under the Plan have been granted at not less than 100 percent of market value (as defined) on the date of grant.

Pro forma information regarding net income and earnings per share is required by FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), and has been determined as if the Company had accounted for its employee stock options under the fair value method of that statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

<TABLE>

<CAPTION>

	1999	1998	1997

<S>	<C>	<C>	<C>
Risk-Free Interest Rate (%).....	6.7	4.7	5.8
Dividend Yield (%).....	3.5	2.8	2.7
Volatility Factor (%).....	36.0	31.0	16.2
Weighted Average Expected Life of the Options (years).....	7.0	4.5	4.6

</TABLE>

The option valuation model requires the input of highly subjective assumptions, primarily stock price volatility, changes in which can materially affect the fair value estimate. The weighted-average fair values of stock options granted during 1999, 1998 and 1997 were \$12.13, \$10.36 and \$6.99, respectively.

For purposes of the pro forma disclosures required by SFAS 123, the estimated fair value of the options is amortized to expense over the options' vesting period. In addition, the grant-date fair value of performance shares (discussed below) is amortized to expense over the three-year plan cycle without adjustments for subsequent changes in the market price of the

Company's common stock. The Company's pro forma information is as follows:

<TABLE>

<CAPTION>

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	1999	1998	1997
<S>	<C>	<C>	<C>
Net income:			
As reported.....	\$169.6	\$353.7	\$260.0
Pro forma.....	157.3	345.9	250.4
Earnings per share:			
Basic:			
As reported.....	\$ 1.54	\$ 3.21	\$ 2.41
Pro forma.....	1.43	3.14	2.32
Diluted:			
As reported.....	\$ 1.53	\$ 3.14	\$ 2.33
Pro forma.....	1.42	3.04	2.23

</TABLE>

The effects of applying SFAS 123 in this pro forma disclosure are not likely to be representative of effects on reported net income for future years. The pro forma effect in 1999 and 1997 includes \$2.6 million and \$4.5 million of after-tax expense related to acceleration of vesting in connection with the Coltec and Rohr mergers, respectively. Additional awards in future years are anticipated.

A summary of the Company's stock option activity and related information follows:

<TABLE>

<CAPTION>

(Options in thousands)	Options	Weighted Average Exercise Price
Year Ended December 31, 1999		
<S>	<C>	<C>
Outstanding at beginning of year.....	7,093.4	\$ 30.18
Granted.....	1,480.1	35.85
Exercised.....	(477.7)	25.67
Forfeited.....	(193.5)	36.92
Expired.....	(91.2)	42.22
Outstanding at end of year.....	7,811.1	30.10
=====		
Year Ended December 31, 1998		
Outstanding at beginning of year.....	6,963.6	\$ 27.90
Granted.....	1,286.4	41.24
Exercised.....	(1,054.7)	27.63
Forfeited.....	(99.8)	36.17
Expired.....	(2.1)	38.04
Outstanding at end of year.....	7,093.4	30.18
=====		

Year Ended December 31, 1997

Outstanding at beginning of year.....	7,974.5	\$	24.57
Granted.....	1,445.3		39.33
Exercised.....	(2,223.3)		23.38
Forfeited.....	(218.6)		27.07
Expired.....	(14.3)		43.64
Outstanding at end of year.....	6,963.6		27.90

</TABLE>

The following table summarizes information about the Company's stock options outstanding at December 31, 1999:

<TABLE>
<CAPTION>

				Options Outstanding	
Weighted	Options Exercisable			Number	Weighted Average
Average			Weighted		
Range of				Outstanding	Remaining
Exercise	Number	Exercisable	Average		
Exercise Prices				(in thousands)	Contractual Life
Price	(in thousands)	Exercise Price			
<hr/>					
<hr/>					
<S>				<C>	<C>
<C>	<C>	<C>			
\$11.96 - \$19.20.....				1,925.3	5.5 years
18.05	1,925.3	\$	18.05		
\$19.42 - \$29.11.....				1,727.2	4.7 years
23.65	1,697.5		23.62		
\$30.18 - \$39.88.....				2,364.8	8.0 years
36.12	1,469.0		36.07		
\$40.13 - \$53.56.....				1,793.8	7.7 years
41.32	1,763.4		41.28		
<hr/>					
<hr/>					
Total.....				7,811.1	
6,855.2					

</TABLE>

During 1999, 1998 and 1997, restricted stock awards for 89,810; 52,886 and 66,776 shares, respectively, were made. Restricted stock awards may be subject to conditions established by the Board of Directors. Under the terms of the restricted stock awards, the granted stock vests three years after the award date. The cost of these awards, determined as the market value of the shares at the date of grant, is being amortized over the three-year period. In 1999, 1998 and 1997, \$4.1 million, \$2.0 million and \$3.3 million, respectively, were charged to expense for restricted stock awards. Of the \$4.1 million of expense recognized in 1999, \$3.6 million related to acceleration of vesting in connection with the Coltec merger.

The Stock Option Plan also provides that shares of common stock may be awarded as performance shares to certain key executives having a critical impact on the long-term performance of the Company. In 1995, the Compensation Committee of the Board of Directors awarded 566,200 shares and established performance objectives that are based on attainment of an average return on equity over the three year plan cycle ending in 1997. Since the Company exceeded all of the performance objectives established in 1995, an additional 159,445 shares were awarded to key executives in 1998. In 1997, 5,000 performance shares were granted to certain key executives that commenced employment during the year.

Prior to 1998, the market value of performance shares awarded under the plan was recorded as unearned restricted stock. In 1998, the Company changed the plan to a phantom performance share plan. Dividends are earned on phantom shares and are reinvested in additional phantom shares. Under this plan, compensation expense is recorded based on the extent performance objectives are expected to be met. During 1999 and 1998, the Company issued 304,780 and 207,800 phantom performance shares, respectively. During 1999, 1998 and 1997, 34,263; 10,356 and 14,400 performance shares, respectively, were

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forfeited. In 1999, 1998 and 1997, \$4.0 million, \$1.7 million and \$14.3 million, respectively, were charged to expense for performance shares. If the provisions of SFAS 123 had been used to account for awards of performance shares, the weighted-average grant-date fair value of performance shares granted in 1999, 1998 and 1997 would have been \$ 35.66, \$45.47 and \$41.44 per share, respectively.

In 1999, a partial payout (approximately 83,000 shares) of the 1998 plan was made under change in control provisions as a result of the Coltec merger.

(T) DISCONTINUED OPERATIONS

On August 15, 1997, the Company completed the disposition of its chlor-alkali and olefins ("CAO") business to The Westlake Group for \$92.7 million, resulting in an after-tax gain of \$14.5 million, or \$.13 per diluted share. The disposition of the CAO business represents the disposal of a segment of a business under APB Opinion No. 30 ("APB 30"). Accordingly, the Consolidated Statement of Income reflects the CAO business (previously reported as Other Operations) as a discontinued operation, in addition to the following discontinued operations. During 1997, the CAO business had sales of \$98.0 million and net income of \$10.3 million.

On February 3, 1997, the Company completed the sale of Tremco Incorporated to RPM, Inc. for \$230.7 million, resulting in an after-tax gain of \$59.5 million, or \$.53 per diluted share. The sale of Tremco Incorporated completed the disposition of the Company's Sealants, Coatings and Adhesives ("SC&A") Group which also represented a disposal of a segment of a business under APB 30.

(U) EXTRAORDINARY ITEMS

During 1998, the Company incurred an extraordinary charge of \$4.3 million (net of a \$2.2 million income tax benefit), or \$0.04 per diluted share, in connection with early debt repayment.

During 1997, the Company incurred an extraordinary charge of \$19.3 million (net of a \$13.1 million income tax benefit), or \$0.17 per diluted share, to extinguish certain indebtedness previously held by Rohr.

(V) COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries have numerous purchase commitments for materials, supplies and energy incident to the ordinary course of business.

CONTINGENCIES

GENERAL

There are pending or threatened against BFGoodrich or its subsidiaries various claims, lawsuits and administrative proceedings, all arising from the ordinary course of business with respect to commercial, product liability, asbestos and environmental matters, which seek remedies or damages. BFGoodrich believes that any liability that may finally be determined with respect to commercial and product liability claims, should not have a material effect on the Company's consolidated financial position or results of operations. From time to time, the Company is also involved in legal proceedings as a plaintiff involving contract, patent protection, environmental and other matters. Gain contingencies, if any, are recognized when they are realized.

At December 31, 1999, approximately 20 percent of the Company's labor force was covered by collective bargaining agreements. Approximately 10 percent of the labor force is covered by collective bargaining agreements that will expire during 2000.

ENVIRONMENTAL

The Company and its subsidiaries are generators of both hazardous wastes and non-hazardous wastes, the treatment, storage, transportation and disposal of which are subject to various laws and governmental regulations. Although past operations were in substantial compliance with the then-applicable regulations, the Company has been designated as a potentially responsible party ("PRP") by the U.S. Environmental Protection Agency ("EPA"), or similar state agencies, in connection with several sites.

The Company initiates corrective and/or preventive environmental projects of its own to ensure safe and lawful activities at its current operations. It also conducts a compliance and management systems audit program. The Company believes that compliance with current governmental regulations will not have a material adverse effect on its capital expenditures, earnings or competitive position.

The Company's environmental engineers and consultants review and monitor environmental issues at past and existing operating sites, as well as off-site disposal sites at which the Company has been identified as a PRP. This process includes investigation and remedial selection and implementation, as well as negotiations with other PRPs and governmental agencies.

At December 31, 1999 and 1998, the Company had recorded in Accrued Expenses and in Other Non-current Liabilities a total of \$125.5 million and \$129.7 million, respectively, to cover future environmental expenditures. These amounts are recorded on an undiscounted basis.

The Company believes that its reserves are adequate based on currently available

information. Management believes that it is reasonably possible that additional costs may be incurred beyond the amounts accrued as a result of new information. However, the amounts, if any, cannot be estimated and management believes that they would not be material to the Company's financial condition but could be material to the Company's results of operations in a given period.

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ASBESTOS

As of December 31, 1999 and 1998, two subsidiaries of the Company were among a number of defendants (typically 15 to 40) in approximately 96,000 and 101,400 actions (including approximately 8,300 and 4,700 actions, respectively in advanced stages of processing) filed in various states by plaintiffs alleging injury or death as a result of exposure to asbestos fibers. During 1999, 1998 and 1997, these two subsidiaries of the Company received approximately 30,200, 34,400 and 38,200 new actions, respectively. Through December 31, 1999, approximately 280,400 of the approximately 376,400 total actions brought had been settled or otherwise disposed.

Payments were made by the Company with respect to asbestos liability and related costs aggregating \$84.5 million in 1999, \$53.7 million in 1998, and \$59.2 million in 1997, respectively, substantially all of which were covered by insurance. Settlements are generally made on a group basis with payments made to individual claimants over periods of one to four years. Related to payments not covered by insurance, the Company recorded charges to operations amounting to approximately \$8.0 million in each of 1999, 1998 and 1997.

In accordance with the Company's internal procedures for the processing of asbestos product liability actions and due to the proximity to trial or settlement, certain outstanding actions have progressed to a stage where the Company can reasonably estimate the cost to dispose of these actions. As of December 31, 1999, the Company estimates that the aggregate remaining cost of the disposition of the settled actions for which payments remain to be made and actions in advanced stages of processing, including associated legal costs, is approximately \$163.1 million and the Company expects that this cost will be substantially covered by insurance.

With respect to the 87,700 outstanding actions as of December 31, 1999, which are in preliminary procedural stages, as well as any actions that may be filed in the future, the Company lacks sufficient information upon which judgments can be made as to the validity or ultimate disposition of such actions, thereby making it difficult to estimate with reasonable certainty what, if any, potential liability or costs may be incurred by the Company. However, the Company believes that its subsidiaries are in a favorable position compared to many other defendants because, among other things, the asbestos fibers in its asbestos-containing products were encapsulated. Subsidiaries of the Company continue to distribute encapsulated asbestos-bearing product in the United States with annual sales of less than \$1.5 million. All sales are accompanied by appropriate warnings. The end users of such product are sophisticated users who utilize the product for critical applications where no known substitutes exist or have been approved.

Insurance coverage of a small non-operating subsidiary formerly distributing asbestos-bearing products is nearly depleted. Considering the foregoing, as well as the experience of the Company's subsidiaries and other defendants in asbestos

The Company has recorded an accrual for its liabilities for asbestos-related matters that are deemed probable and can be reasonably estimated (settled actions and actions in advanced stages of processing), and has separately recorded an asset equal to the amount of such liabilities that is expected to be recovered by insurance. In addition, the Company has recorded a receivable for that portion of payments previously made for asbestos product liability actions and related litigation costs that is recoverable from its insurance carriers. Liabilities for asbestos-related matters and the receivable from insurance carriers included in the Consolidated Balance Sheets are as follows:

(DOLLARS IN MILLIONS)	DECEMBER 31, 1999	December 31, 1998
<S>	<C>	<C>
Accounts and notes receivable...	\$ 146.9	\$ 95.4
Other assets.....	36.7	32.6
Accrued expenses.....	134.6	89.7
Other liabilities.....	28.5	22.8

On February 21, 2000, the Company's Board of Directors authorized the repurchase of up to \$300 million of the Company's common stock. Repurchases under the program, which may not exceed 10 percent of the Company's issued shares of common stock, may be made from time to time in the open market or in negotiated transactions at price levels that the Company considers attractive. The program will be funded from the Company's operating cash flows and short term borrowings under existing credit lines.

1998 Quarters					1999 Quarters		
(Dollars in millions)					First	Second	Third
Fourth	First	Second	Third	Fourth			

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BUSINESS SEGMENT SALES:							
Aerospace.....				\$ 926.2	\$ 965.9	\$ 855.2	\$
870.1	\$ 851.3	\$ 852.1	\$ 862.4	\$ 913.5			
Engineered Industrial Prod.....				185.6	186.5	170.6	
159.7	208.4	212.8	179.4	179.3			
Performance Materials.....				300.0	311.0	306.3	
300.4	252.4	340.9	304.8	297.5			

TOTAL SALES.....				\$1,411.8	\$1,463.4	\$1,332.1	
\$1,330.2	\$1,312.1	\$1,405.8	\$1,346.6	\$1,390.3			
=====							
=====							
GROSS PROFIT.....				\$ 404.7	\$ 419.8	\$ 378.8	\$
380.9	\$ 367.8	\$ 379.0	\$ 384.8	\$ 404.0			
=====							
=====							
BUSINESS SEGMENT OPERATING INCOME:							
Aerospace.....				\$ 142.5	\$ 144.9	\$ 130.9	\$
140.4	\$ 112.6	\$ 109.9	\$ 128.5	\$ 149.0			
Engineered Industrial Prod.....				34.2	37.0	28.1	
18.9	36.0	25.6	35.2	34.8			
Performance Materials.....				33.2	43.0	39.4	
34.8	36.6	40.2	37.4	31.6			
Corporate.....				(22.3)	(21.8)	(19.9)	
(20.6)	(21.4)	(20.3)	(20.4)	(21.6)			
Merger-Related and Consolidation							
Costs.....				(26.2)	(10.1)	(204.7)	
(28.4)	--	--	--	(10.5)			

TOTAL OPERATING INCOME.....				\$ 161.4	\$ 193.0	\$ (26.2)	\$
145.1	\$ 163.8	\$ 155.4	\$ 180.7	\$ 183.3			
=====							
=====							
INCOME (LOSS) FROM:							
Continuing Operations.....				\$ 76.3	\$ 97.9	\$ (70.9)	\$
66.3	\$ 80.1	\$ 106.5	\$ 85.1	\$ 87.9			
Discontinued Operations.....				--	--	--	
-	(1.6)	--	--	--			
Extraordinary Items.....				--	--	--	
-	--	(4.3)	--	--			

NET INCOME.....				\$ 76.3	\$ 97.9	\$ (70.9)	\$
66.3	\$ 78.5	\$ 102.2	\$ 85.1	\$ 87.9			
=====							
=====							
Basic Earnings (Loss) Per Share:							
Continuing operations.....				\$ 0.70	\$ 0.89	\$ (0.64)	\$
0.60	\$ 0.73	\$ 0.96	\$ 0.77	\$ 0.80			
Net income.....				\$ 0.70	\$ 0.89	\$ (0.64)	\$
0.60	\$ 0.72	\$ 0.92	\$ 0.77	\$ 0.80			
Diluted Earnings (Loss) Per Share:							

Continuing operations.....	\$	0.69	\$	0.87	\$	(0.64)	\$	
0.60	\$	0.71	\$	0.94	\$	0.76	\$	0.79
Net income.....	\$	0.69	\$	0.87	\$	(0.64)	\$	
0.60	\$	0.70	\$	0.90	\$	0.76	\$	0.79
=====								
=====								

</TABLE>

The first quarter of 1999 includes a \$26.2 million pre-tax charge related to employee termination payments resulting from realignment of the Performance Materials Segment headquarters and the Company's Advanced Technology Group as well as from reductions at certain Performance Materials operating locations.

The second quarter of 1999 includes a \$10.1 million pre-tax charge related to certain executive severance payments and employee relocation costs related to the Coltec Merger. The second quarter of 1999 also includes a \$6.1 million pre-tax gain in other income (expense) from the sale of businesses.

The third quarter of 1999 includes a \$204.7 million pre-tax charge, of which \$8.6 million represented non-cash asset impairment charges. The charge related to personnel related costs, transaction costs and consolidation costs in connection with the Coltec merger and restructuring activities at Aerospace, Engineered Industrial Products and Performance Materials. The third quarter of 1999 also includes a \$2.4 million pre-tax gain in other income (expense) from the sale of a portion of the Company's interest in a business.

The fourth quarter of 1999 includes a \$28.4 million pre-tax charge, of which \$3.7 million represented non-cash asset impairment charges. The charge related to personnel related costs, transaction costs and consolidation costs in connection with the Coltec merger and restructuring activities at Aerospace and Performance Materials. The fourth quarter of 1999 also includes a \$1.9 million pre-tax loss in other income (expense) from the sale of a business.

The fourth quarter of 1998 includes a \$10.5 million pre-tax loss from a restructuring charge and a write-down of an impaired asset in the Aerospace Segment.

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<PAGE> 42

SELECTED FINANCIAL DATA

<TABLE>						
<CAPTION>						
(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)					1999	1998
1997	1996	1995	1994			

<S>					<C>	<C>
<C>					<C>	<C>
STATEMENT OF INCOME DATA:						
Sales.....					\$5,537.5	\$5,454.8
\$4,687.9					\$4,005.5	\$3,761.4
Operating income.....					473.3	683.2
430.9					482.0	395.7
Income from continuing operations.....					169.6	359.6
195.0					177.0	130.6
						103.2

BALANCE SHEET DATA:

Total assets.....				\$5,455.6	\$5,213.0
\$4,333.7	\$4,324.9	\$4,229.2	\$4,250.7		
Total debt.....				1,760.5	1,724.7
1,519.7	1,794.3	2,014.4	2,111.9		
Mandatorily redeemable preferred securities of trusts.....				271.3	268.9
123.1	122.6	122.2	--		
Total shareholders' equity.....				1,293.2	1,237.4
991.0	749.4	455.9	386.0		

OTHER FINANCIAL DATA:

Total segment operating income.....				\$ 827.3	\$ 777.4
\$ 601.0	\$ 578.3	\$ 523.3	\$ 473.7		
EBITDA(1), (2).....				961.4	884.7
700.8	624.0	559.6	507.8		
Operating cash flow.....				372.6	499.1
271.2	315.0	312.0	362.4		
Capital expenditures.....				246.3	262.0
241.1	241.7	198.3	174.3		
Depreciation.....				176.5	163.7
140.9	128.2	131.2	n/a		
Dividends (common and preferred).....				91.6	75.7
59.5	58.8	61.6	64.6		
Distributions on preferred securities of trusts.....				18.4	16.1
10.5	10.5	5.1	--		

PER SHARE OF COMMON STOCK:

Income from continuing operations, diluted.....				\$ 1.53	\$ 3.19
\$ 1.75	\$ 1.63	\$ 1.18	\$ 0.93		
Diluted EPS (2).....				3.24	2.91
2.34	1.74	1.23	0.97		
Dividends declared.....				1.10	1.10
1.10	1.10	1.10	1.10		
Book value.....				11.74	11.28
9.04	7.00	4.37	2.67		

RATIOS:

Segment operating income as a percent of sales (%).....				14.9	14.3
12.8	14.4	13.9	13.2		
Debt-to-capitalization ratio (%).....				52.8	53.3
57.7	67.3	77.7	84.5		
Effective income tax rate (%).....				43.8	36.8
40.2	35.5	36.9	37.5		

OTHER DATA:

Common shares outstanding at end of year (millions).....				110.2	109.7
109.7	107.1	104.4	103.4		
Number of employees at end of year.....				27,044	27,234
25,910	26,113	25,488	26,679		

</TABLE>

(1) "EBITDA" as used herein means income from continuing operations before distributions on preferred securities of trusts, income tax expense, net interest expense, depreciation and amortization and special items.

(2) Excludes special items which for 1999, 1998, and 1997 are described on page 2 herein. Special items in 1996 included a charge of \$2.6 million relating to a voluntary early retirement program; a net gain of \$1.0 million from the sale of a business; a loss of \$3.1 million on the sale of a wholly-owned

aircraft leasing subsidiary; a charge of \$4.3 million for an impairment write-down on a facility in Arkadelphia, Arkansas; and a charge of \$3.2 million for the exchange of convertible notes. Special items in 1995 included a net gain of \$12.5 million from an insurance settlement; a charge of \$17.6 million primarily related to the closure of a facility in Canada and selected other work force reductions; a net gain of \$2.2 million from the sale of a business; and a charge of \$1.9 million relating to a voluntary early retirement program. Special items in 1994 included a charge of \$6.4 million attributable to unamortized pension prior service costs related to a reduction in employment levels and a net gain of \$1.6 million on the sale of a business. All amounts within this footnote are presented net of tax.

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EXHIBIT 21

THE B.F.GOODRICH COMPANY

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<CAPTION>

Parent And Subsidiaries Of Registrant
Percentage Of

- - - - -

Voting Securities

Consolidated Subsidiary Companies

Owned

- - - - -

-- - - - -

<S>

<C>

Place Of

Incorporation

- - - - -

<C>

The B.F.Goodrich Company (Registrant;
there are no parents of the registrant)
BFGoodrich Aerospace Aircraft Evacuation
Systems Private Limited

100.00

BFGoodrich Aerospace Asia-Pacific, Limited
51.00

BFGoodrich Aerospace Component
Overhaul & Repair, Inc.

100.00

BFGoodrich Aerospace MRO Group, Inc.
100.00

BFGoodrich Aerospace Pte. Ltd.
100.00

BFGoodrich Aerospace Pty. Limited
100.00

BFGoodrich Avionics Systems, Inc.
100.00

New York

India

Hong Kong

Delaware

Washington

Singapore

Australia

Delaware

B.F.Goodrich Chemical Italia, S.R.L.	Italy
100.00	
BFGoodrich China, Inc.	Delaware
100.00	
The B.F.Goodrich Company of Japan, Ltd.	Japan
100.00	
BFGoodrich de Mexico, S.A. de C.V.	Mexico
100.00	
BFGoodrich FCC, Inc.	Delaware
100.00	
BFGoodrich Diamalt GmbH	Germany
51.00	
BFGoodrich Hilton Davis, Inc.	Delaware
100.00	
BFGoodrich Diamalt GmbH	Germany
49.00	
Freedom Chemical Diamalt Beteiligungs GmbH	Germany
100.00	
Diamalt S.r.l.	Italy
100.00	
BFGoodrich Diamalt Pvt. Ltd.	India
100.00	
BFGoodrich Kalama, Inc.	Washington
100.00	
Kalama Foreign Sales Corporation	Guam
100.00	
Kalama Specialty Chemical, Inc.	Washington
100.00	
BFGoodrich Textile Chemicals, Inc.	Delaware
100.00	
FCC Acquisition Corporation	Delaware
100.00	
Freedom Textile Chemical Company (South Carolina), Inc.	Delaware
100.00	
HEJ Holding, Inc.	Delaware
.60	
BFGoodrich Diamalt, Inc.	Delaware
100.00	
Freedom Europe B.V.	The
Netherlands	
100.00	
BFGoodrich Diamalt S.A.	France
100.00	
BFGoodrich FlightSystems, Inc.	Ohio
100.00	
BFGoodrich Performance Materials Asia Pacific Limited	Hong Kong
100.00	
BFGoodrich Specialty Chemicals (M) SDN. BHD.	Malaysia
100.00	
Coltec Industries Inc	Pennsylvania
100.00	
AMI Industries, Inc.	Colorado
100.00	
AMI Industries FSC, Inc.	Virgin
Islands	
100.00	
CII Holdings Inc	Delaware
100.00	
Coltec Canada Inc	Delaware

89.00	Coltec Aerospace Canada Ltd	Ontario,
Canada	100.00	
	Coltec (Gibraltar)	Gibraltar
100.00		
	Coltec Luxembourg S.A.	Luxembourg
1.00		
	Coltec (Great Britain) Limited	United
Kingdom	15.00	
	Coltec Industries France SAS	France
25.00		

</TABLE>

<PAGE> 2

EXHIBIT 21

THE B.F.GOODRICH COMPANY

<TABLE>		
<CAPTION>		
Parent And Subsidiaries Of Registrant		
Percentage Of		
-----		Place Of
Voting Securities		
Consolidated Subsidiary Companies		Incorporation
Owned		
-----		-----
--	-----	
<S>		<C>
<C>		
	Liard S.A.	France
100.00		
	Coltec Luxembourg S.A.	Luxembourg
99.00		
	Holly Automotive Systems GmbH	Germany
5.00		
	Menasco-Krosno	Poland
90.40		
	Coltec Automotive Inc	Delaware
100.00		
	Coltec do Brasil Produtos Industrias Ltda.	Brazil
89.00		
	Coltec (Great Britain) Limited	United
Kingdom	85.00	
	Delavan Limited	United
Kingdom	100.00	
	Delavan European Marketing Company Limited	United
Kingdom	100.00	
	Delavan Watson Limited	United
Kingdom	100.00	
	H. T. Watson Limited	United
Kingdom	100.00	
	Spray Fabrications	United
Kingdom	100.00	

Holly Automotive Group Limited	United
Kingdom 100.00	
Garlock (Great Britain) Limited	United
Kingdom 100.00	
Coltec Holdings Inc	Delaware
100.00	
Coltec Industries International Inc	Barbados
100.00	
Coltec Industries Korea Inc	Korea
89.00	
Coltec Industries Pacific Pte Ltd	Singapore
100.00	
Coltec International Services Co	Delaware
100.00	
Coltec do Brasil Produtos Industrias Ltda.	Brazil
11.00	
Coltec Industries Korea Inc	Korea
11.00	
Coltec Productos y Servicios S.A. de C.V.	Mexico
25.00	
Coltec North Carolina Inc	North
Carolina 100.00	
CNC Member Inc	North
Carolina 100.00	
CNC Finance LLC	North
Carolina 1.00	
CNC Finance LLC	North
Carolina 99.00	
Coltec Productos y Servicios S.A. de C.V.	Mexico
75.00	
Coltec Technical Services Inc	Delaware
100.00	
DM&T, Inc.	Michigan
100.00	
Delavan Inc.	Delaware
100.00	
Walbar Inc	Delaware
100.00	
Coltec Canada Inc	Delaware
11.00	
Farnam Sealing Systems Inc	Delaware
100.00	
Garlock Inc	Ohio
100.00	
Coltec Industrial Products Inc	Delaware
100.00	
Garlock Bearings Inc	Delaware
100.00	
Garlock Bearings LLC	Delaware
97.00	
Garlock International Inc	Delaware
100.00	
Garlock of Canada Ltd.	Ontario,
Canada 100.00	
Garlock de Mexico, S.A. de C.V.	Mexico
65.70	
Garlock Overseas Corporation	Delaware

100.00	Stemco Truck Products	Australia
100.00	Garlock Pty Limited	Australia
80.00	Garlock S.A.	Panama
100.00	Jamco Products, LLC	Texas
100.00	Louis Mulas Sucs, S.A. de C.V.	Mexico
67.30		

<PAGE> 3

EXHIBIT 21

THE B.F.GOODRICH COMPANY

<TABLE> <CAPTION> Parent And Subsidiaries Of Registrant Percentage Of ----- Voting Securities Consolidated Subsidiary Companies Owned ----- --		Place Of Incorporation ----- -----
<S>		<C>
Mainland Sealing Products, LLC.		North
Carolina	100.00	
Stemco Inc		Texas
100.00		
Garrison Litigation Management Group, Ltd.		Delaware
93.70		
The Anchor Packing Company		Delaware
100.00		
Holly Automotive Inc		Delaware
100.00		
Holly Automotive Systems GmbH		Germany
85.00		
Garlock GmbH		Germany
100.00		
Coltec Industries France SAS		France
75.00		
Cefilac, S.A.		France
100.00		
Menasco Aerosystems Inc		Delaware
100.00		
Salt Lick Railroad Company		Pennsylvania
100.00		
Delfzijl Resin C.V.		The
Netherlands	99.00	
First Charter Insurance Company		Vermont

100.00		
GKS, Inc.		Delaware
100.00		
HEJ Holding, Inc.		Delaware
39.70		
TMM Holdings B.V.		The
Netherlands	100.00	
B.F.Goodrich Chemical Holding B.V.		The
Netherlands	100.00	
B.F.Goodrich Realty Europe N.V.		Belgium
100.00		
BFGoodrich TempRite Resin B.V.		The
Netherlands	100.00	
B.F.Goodrich Chemical (Belgie) N.V.		Belgium
100.00		
BFGoodrich Holding S.A.		France
100.00		
B.F.Goodrich Aerospace Europe S.A.		France
100.00		
BFGoodrich Aerospace Services S.A.		France
100.00		
Rosemount Aerospace S.A.R.L.		France
100.00		
BFGoodrich Chemical Spain, S.A.		Spain
99.99996		
B.F.Goodrich Europe Coordination Center N.V.		Belgium
100.00		
Goodrich Holding UK Limited		United
Kingdom	100.00	
A-Chem (U.K.) Limited		United
Kingdom	100.00	
BFGoodrich Aerospace UK Limited		United
Kingdom	100.00	
B.F.Goodrich Chemical (U.K.) Limited		United
Kingdom	100.00	
BFGoodrich Component Services Limited		United
Kingdom	100.00	
Rohr Aero Services Limited		United
Kingdom	100.00	
Rosemount Aerospace Limited		United
Kingdom	100.00	
Simmonds Precision Limited		United
Kingdom	100.00	
B.F.Goodrich Chemical Sales Company B.V.		The
Netherlands	100.00	
BFGoodrich Chemical Spain, S.A.		Spain
.00004		
Mydrin S.A.		South Africa
100.00		
JcAir, B.V.		The
Netherlands	100.00	
B.F.Goodrich Holding GmbH		Germany
100.00		
B.F.Goodrich Chemical (Deutschland) GmbH		Germany
100.00		
Rosemount Aerospace GmbH		Germany
100.00		

FMQ Sales and Services Inc.	Delaware
100.00	
Godfrey Engineering, Inc.	Florida
100.00	
Goodrich Canada Inc.	Canada
100.00	
Goodrich Holding Corporation	Delaware
100.00	

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EXHIBIT 21

THE B.F.GOODRICH COMPANY

<TABLE>	
<CAPTION>	
Parent And Subsidiaries Of Registrant Percentage Of	Place Of
Voting Securities	Incorporation
Consolidated Subsidiary Companies	
Owned	
- - - - -	- - - - -
- - - - -	- - - - -
- - - - -	- - - - -
<S>	<C>
<C>	

BFGoodrich Korea, Inc.	Korea
100.00	
HEJ Holding, Inc.	Delaware
41.80	
International BFGoodrich Technology Corporation	Delaware
100.00	
Goodrich FSC, Inc.	Barbados
100.00	
Ithaco Space Systems Inc.	Delaware
100.00	
JcAir, Inc.	Kansas
100.00	
JMSI Corporation	Delaware
100.00	
Delfzijl Resin C.V.	The
Netherlands 1.00	
ALA Corporation	Delaware
100.00	
CMK Corporation	Delaware
100.00	
Kinsman Road Realty Corporation	Ohio
100.00	
Mitech Corporation	Ohio
100.00	
Rohr, Inc.	Delaware
100.00	
RE Components Inc.	Delaware
100.00	

B.F.Goodrich Aerospace Europe, Inc.	Delaware
100.00	
HEJ Holding, Inc.	Delaware
17.90	
B.F.Goodrich Aerospace Europe GmbH	Germany
100.00	
Rohr Aero Services-Asia Pte. Ltd.	Singapore
100.00	
Rohr Finance Corporation	Delaware
100.00	
Rohr Foreign Sales Corporation	Guam
100.00	
Rohr, Inc.	Maine
100.00	
Rohr International Sales Corporation	Delaware
100.00	
Rohr International Service Corporation	Delaware
100.00	
Transportation Insurance Limited	Bermuda
100.00	
Rohr Industries, Inc.	Kentucky
100.00	
Rohr Southern Industries, Inc.	Delaware
100.00	
Tolo Incorporated	California
100.00	
Rohr Aero Services, Inc.	Delaware
100.00	
Rohr Aero Services, Europe	France
100.00	
Rosemount Aerospace Inc.	Delaware
100.00	
Safeway Products Inc.	Connecticut
100.00	
Siltown Realty, Inc.	Alabama
100.00	
Simmonds Precision Products, Inc.	New York
100.00	
Simmonds Precision Engine Systems, Inc.	New York
100.00	
Simmonds Precision Motion Controls, Inc.	New Jersey
100.00	

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<PAGE> 5

EXHIBIT 21

THE B.F.GOODRICH COMPANY

<TABLE>

<CAPTION>

Parent And Subsidiaries Of Registrant
Percentage Of

- -----
Voting Securities

Place Of

Consolidated Subsidiary Companies Owned	Incorporation
-----	-----
--	
<S>	<C>
<C>	
TSA Holdings Inc.	Delaware
100.00	
TSA-rina Holding B.V.	The
Netherlands	
100.00	
Prosytec S.A.	France
100.00	
Prosytec Italia S.R.L.	Italy
100.00	
Universal Propulsion Company, Inc.	Delaware
100.00	
BFGoodrich Capital	Statutory
trust in Delaware	
100.00	

</TABLE>

All of the above subsidiaries are included in the 1999 consolidated financial statements.

The Registrant also owns 50% of BFGoodrich - Messier, Inc., incorporated in Delaware; 50% of Messier - BFGoodrich S.A., incorporated in France; 50% of Telenor S.A., incorporated in France; Goodrich Holding Corporation owns 21.9% of Taysung Enterprises Co., Ltd., incorporated in Korea; BFGoodrich China, Inc. owns 28.75% of Youli Piping Co. Ltd., incorporated in China; Transportation Insurance Limited owns 4.35% of Tortuga Casualty Co. and 5.56% of United Insurance Co., both incorporated in the Caymans; Freedom Chemical Diamalt Beteiligungs GmbH owns 70% of Chongqing Diamalt Biochemical Co. Ltd., incorporated in China; BFGoodrich Diamalt GmbH owns the following: 50% of HackerMalt Proteine Verwaltungs GmbH, incorporated in Germany; 50% of HackerMalt Proteine GmbH & Co., incorporated in Germany; 33.4% of Lyomark Pharma GmbH, incorporated in Germany; 40% of Srinivasa Cystine Limited, incorporated in India; 74% of Indiamalt Pvt. Ltd., incorporated in India; and 50% of Yantal Prince Chemical Co. Ltd., incorporated in China.

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<DESCRIPTION>CONSENT OF ERNST & YOUNG LLP

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EXHIBIT 23 (a)

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of The BFGoodrich Company of our report dated February 14, 2000, except for Note W, as to which the date is February 21, 2000, included in the 1999 Annual Report to Shareholders of The BFGoodrich Company.

We also consent to the incorporation by reference of our report dated February 14, 2000, except for Note W, as to which the date is February 21, 2000, with respect to the consolidated financial statements incorporated herein by reference, in the following Registration Statements and in the related Prospectuses:

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Registration

Number Date	Description of Registration Statement	Filing
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33-20421 1988	The B.F.Goodrich Company Key Employees' Stock Option Plan - Form S-8	March 1,
2-88940 28, 1989	The B.F.Goodrich Company Retirement Plus Savings Plan - Post-Effective Amendment No. 2 to Form S-8	April
33-29351 1989	The Rohr Industries, Inc. 1988 Non-Employee Director Stock Option Plan - Form S-8	June 19,
33-49052 1992	The B.F.Goodrich Company Key Employees' Stock Option Plan - Form S-8	June 26,
33-59580 15, 1993	The B.F.Goodrich Company Retirement Plus Savings Plan for Wage Employees - Form S-8	March
333-03293 1996	The B.F.Goodrich Company Stock Option Plan - Form S-8	May 8,
333-03343 1996	Common Stock - Form S-3	May 8,
333-19697 13, 1997	The B.F.Goodrich Company Savings Benefit Restoration Plan - Form S-8	January
333-53877 1998	Pretax Savings Plan for the Salaried Employees of Rohr, Inc. (Restated 1994) and Rohr, Inc. Savings Plan for Employees Covered by Collective Bargaining	May 29,

Agreements (Restated 1994) - Form S-8

333-53879 1998	Directors' Deferred Compensation Plan - Form S-8	May 29,
333-53881 1998	Rohr, Inc. 1982 Stock Option Plan, Rohr, Inc. 1989 Stock Incentive Plan and Rohr, Inc. 1995 Stock Incentive Plan - Form S-8	May 29,
333-74987 24, 1999	5 1/4% Convertible Preferred Securities Term Income Deferrable Equity Securities - Form S-3	March

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Registration

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333-76297 14, 1999	Coltec Industries Inc. 1992 Stock Option Plan Coltec Industries Inc. 1994 Stock Option Plan for Outside Directors - Form S-8	April
333-77023 26, 1999	The B.F.Goodrich Company Stock Option Plan - Form S-8	April

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/s/ ERNST & YOUNG LLP
Charlotte, North Carolina
February 22, 2000

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Consent of Independent Public Accountants

As independent public accountants, we hereby consent to incorporation of our report dated January 22, 1999, covering our audit of Coltec Industries Inc for the years ended December 31, 1998 and 1997, included in this Form 10-K into the following The B.F. Goodrich Company Registration Statements and the related Prospectuses:

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REGISTRATION NUMBER
FILING DATE

DESCRIPTION OF REGISTRATION STATEMENT

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<C>	<C>	<C>
33-20421 March 1, 1988	The B.F. Goodrich Company Key Employees' Stock Option Plan - Form S-8	
2-88940 April 28, 1989	The B.F. Goodrich Company Retirement Plus Savings Plan - Post Effective Amendment No. 2 to Form S-8	
33-29351 19, 1989	The Rohr Industries, Inc. 1988 Non-Employee Director Stock Option Plan - Form S-8	June
33-49052 26, 1992	The B.F. Goodrich Company Key Employees' Stock Option Plan - Form S-8	June
33-59580 March 15, 1993	The B.F. Goodrich Company Retirement Plus Savings Plan for Wage Employees - Form S-8	
333-03293 8, 1996	The B.F. Goodrich Company Stock Option Plan - Form S-8	May
333-03343 8, 1996	Common Stock - Form S-3	May
333-19697 January 13, 1997	The B.F. Goodrich Company Savings Benefit Restoration Plan - Form S-8	
333-53877 29, 1998	Pretax Savings Plan for the Salaried Employees of Rohr, Inc. (Restated 1994) and Rohr, Inc. Savings Plan for Employees Covered by Collective Bargaining Agreements (Restated 1994) - Form S-8	May
333-53879 29, 1998	Directors' Deferred Compensation Plan - Form S-8	May

333-53881 29, 1998	Rohr, Inc. 1982 Stock Option Plan, Rohr, Inc. 1989 Stock Incentive Plan and Rohr, Inc. 1995 Stock Incentive Plan - Form S-8	May
333-74987 March 24, 1999	Common Stock and Guarantee - Form S-3	

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REGISTRATION NUMBER	DESCRIPTION OF REGISTRATION STATEMENT	
FILING DATE		
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333-76297 April 14, 1999	Coltec Industries Inc 1992 Stock Option Plan and Coltec Industries Inc 1994 Stock Option Plan for Outside Directors - Form S-8	
333-77023 April 26, 1999	The B.F Goodrich Company Stock Option Plan - Form S-8	

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/s/ Arthur Andersen LLP
Charlotte, North Carolina,
February 22, 2000.

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THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION TO REFLECT THE
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENT OF INCOME OF THIS FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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EXHIBIT 99

Report of Independent Public Accountants

To the Board of Directors and Shareholders of
Coltec Industries Inc:

We have audited the consolidated balance sheet of Coltec Industries Inc and subsidiaries (the Company) as of December 31, 1998, and the related consolidated statements of earnings, shareholders' equity, cash flows and comprehensive

income for each of the two years in the period ended December 31, 1998 (not presented herein). These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coltec Industries Inc and subsidiaries as of December 31, 1998, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to financial statement schedules (not presented herein) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

As discussed in Note 21, The B.F. Goodrich Company will acquire the Company during 1999 and the combined entity will operate under the name B.F.Goodrich.

/s/ Arthur Andersen LLP
Charlotte, North Carolina,
January 22, 1999.

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-----END PRIVACY-ENHANCED MESSAGE-----